



Department
for Culture,
Media & Sport

High Stakes: Gambling Reform for the Digital Age

April 2023

CP 835



High Stakes: Gambling Reform for the Digital Age

Presented to Parliament by the Secretary of State for Culture, Media and Sport by Command of His Majesty

April 2023

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Ministerial Foreword



The gambling landscape has changed significantly since 2005. Few who were designing policy in the early 2000s could have foreseen the nature and extent of the changes which have since reshaped our society, the economy and this sector. Multinational tech businesses now provide gambling services which customers can engage with from almost anywhere and at any time of day or night. Newly available data and technology can both increase risks to players and facilitate innovative protections. Land-based gambling also finds itself in a very different place in light of these changes, with some of the assumptions which prevailed 18 years ago looking increasingly outdated. Likewise, our understanding of gambling-related harms and gambling disorder has developed enormously over recent years.

We launched this Review to take an objective, comprehensive look at the evidence. Our aim is to ensure our gambling regulation meets the challenges and seizes the opportunities which have come with the changes since the Gambling Act 2005 was passed. We received around 16,000 submissions to our [Call for Evidence](#), and ministers and officials have held hundreds of meetings with a huge range of stakeholders to inform a package of policies which will make our gambling laws fit for the digital age. We are enormously grateful to all of those who have contributed to our Review, especially those with personal experience of gambling-related addiction and harms who have spoken out about their own struggles or those of people they love.

At the heart of our Review is making sure that we have the balance right between consumer freedoms and choice on the one hand, and protection from harm on the other. It has become clear that we must do more to protect those at risk of addiction

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and associated unaffordable losses. We must also pay particular attention to making sure children are protected, including as they become young adults and for the first time are able to gamble on a wide range of products. Prevention of harm will always be better than a cure, so we are determined to strengthen consumer protections and prevent exploitative practices.

This can and should be done in a proportionate way. Millions of us enjoy gambling every year and most suffer no ill effects, so state intervention must be targeted to prevent addictive and harmful gambling. Adults who choose to spend their money on gambling are free to do so, and we should not inhibit the development of a sustainable and properly regulated industry which pays taxes and provides employment to service that demand. What we will not permit is for operators to place commercial objectives ahead of customer wellbeing so that vulnerable people are exploited.

This white paper outlines a comprehensive package of new measures to achieve these objectives across all facets of gambling regulation, building on our work over recent years. Working with the Gambling Commission and others, we will now make online gambling safer with an overhaul of game design rules to remove the features known to exacerbate risks, and put new obligations on operators to prevent unchecked and unaffordable spending. We will tackle aggressive advertising practices like using bonuses in ways which exacerbate harms. We will also develop independent messaging that raises awareness of the risks of gambling harm while helping to remove the fear of stigma that stops people coming forward for help. We will work with the industry to create an ombudsman to adjudicate complaints and order redress when things go wrong. We will modernise the rules for land-based gambling and make sure that all gambling, be it online or offline, is overseen by a beefed up, better funded and more proactive Gambling Commission which can make full use of technology and data to keep abreast of the industry.

Great Britain has been seen as a world leader in the oversight of gambling, with our comparatively low problem gambling rate but internationally successful gambling sector. I hope this new package and the policies which we will work with the Gambling Commission and others to implement will continue to be seen as world leading.

To help ensure that, I encourage all of those with an interest in gambling regulation to continue working with us as we refine the ideas, consult on specifics, and deliver real change.

A handwritten signature in black ink that reads "Lucy Frazer". The signature is written in a cursive, flowing style.

The Rt Hon Lucy Frazer KC MP
Secretary of State for Culture, Media and Sport

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- Ensuring that gambling happens safely is a top government priority. We recognise that people should be free to spend their money as they choose, but when gambling poses the risk of becoming a clinical addiction the government needs to ensure there are proper protections. That is why change is now needed. Having a strong regulator with the powers and resources needed to oversee an increasingly high-tech industry is essential to ensuring this. We also need to have the right controls in place on the products people can be offered, safeguards covering how those who gamble are treated by operators, and the right safety nets in place to stop harm where it occurs.
- Gambling in its variety of forms is a popular pastime in Great Britain, with nearly half of all adults participating in at least one form (including the National Lottery) each month. Most spend small amounts which are similar to or less than spending on other leisure activities and do not report experiencing any harm from gambling.
- However, around 300,000 people in Great Britain are estimated to be experiencing ‘problem gambling’, defined as gambling to a degree which compromises, disrupts, or damages family, personal or recreational pursuits, and a further 1.8 million are identified as gambling at elevated levels of risk. Gambling harms can wreck lives, impact families and communities, and even lead to suicide in extreme cases. The package of measures outlined in this white paper will significantly increase protections with the aim of preventing harm.
- Our aim in the Review has been to assess the best available evidence to ensure that our goals can be delivered in the digital age, and that we have the balance of regulation right between protecting people from the potentially life-ruining effects of gambling-related harm while respecting the freedom of adults to engage in a legitimate leisure activity. We need to ensure that our regulatory and legislative frameworks continue to deliver on the three foundational principles of the 2005 Act: children and vulnerable people should be protected, the sector should be fair and open, and gambling should be crime free.
- The Review launched with a call for evidence which ran from December 2020 to March 2021 and received 16,000 submissions. Ministers and officials have supplemented this with hundreds of meetings with a wide range of stakeholders. Key publications before and since the call for evidence have also contributed significantly to our understanding of the issues, including the [report of the Lords Select Committee on the Social and Economic Impact of the Gambling Industry](#), Public Health England’s (PHE) [Gambling-related](#)

[harms evidence review](#) and the [independent Review of the Regulation of BetIndex Ltd](#). We have also received [advice from the Gambling Commission](#), which is being published alongside this white paper. We are grateful to all those who have contributed to the Review.

Online protections

- The best available evidence suggests that particular elements and products within online gambling are associated with an elevated risk of harm. Equally, technological development has presented new opportunities to protect players. Making the most of these is central to ensuring our framework is fit for the digital age.
- Operators are already required to identify customers at risk of harm and take action, but there have been too many cases of interventions coming too late, or in some cases not at all. Having worked closely with the Gambling Commission, we consider it necessary to put new **obligations on operators to conduct checks to understand if a customer's gambling is likely to be unaffordable and harmful**.
- The Gambling Commission will consult on two forms of financial risk check. Firstly, background checks at moderate levels of spend, to check for financial vulnerability indicators such as County Court Judgments. We propose these should take place at £125 net loss within a month or £500 within a year. Second, at higher levels of spend which may indicate harmful binge gambling or sustained unaffordable losses (we propose thresholds of £1,000 net loss within 24 hours or £2,000 within 90 days), there should be a more detailed consideration of a customer's financial position. We also propose that the triggers for enhanced checks should be halved for those aged 18 to 24 given evidence on increased risk.
- These enhanced checks are narrowly targeted and we estimate only around 3% of online gambling accounts will be affected. Our intention is that these checks will also be frictionless for customers and conducted online by credit reference agencies or through other means such as open banking in the first instance. Further information will only be requested from customers as a last resort where it is necessary to complete an assessment, and the use of any data gathered through such checks will be restricted to assessing financial risk and indicators of financial distress. Operators will be required to respond appropriately to any identified risks on a case-by-case basis, taking into account all the information they know about the customer, but it is not the intent that government or the Gambling Commission should set a blanket rule on how much of their income adults should be able to spend on gambling.

- Individual operators can take steps to prevent harm on their own platform but people suffering gambling harms usually hold multiple accounts or can open new ones easily. Where there are serious concerns, operators must work together. The Gambling Commission intends to consult on mandating participation in a **cross-operator harm prevention system based on data sharing**, following assessment of the currently live operator trials which have had input from the Information Commissioner's Office (ICO) and the Commission. We will ensure this data sharing is never used for commercial purposes.
- The Gambling Commission will **review and consult on updating design rules for online products**, building on its recent work on online slots to consider features like speed of play, illusion of player control and other intensifying features which can exacerbate risk. Products which are safer by design will help prevent harm at source.
- Online slots have been shown to be a particularly high risk product, associated with large losses, long sessions, and binge play, but unlike land-based gaming machines they have no statutory stake limits. We propose to introduce a **stake limit for online slots**, consulting on a limit of between £2 and £15 per spin, to structurally limit the risks of harmful play. We will also consult on slot-specific measures to **give greater protections for 18 to 24 year olds** who the evidence suggests may be a particularly vulnerable cohort. This will include options of a £2 stake limit per spin; a £4 stake limit per spin; or an approach based on individual risk.
- As with other sectors, we want consumers to be empowered to make informed decisions and manage spending. We will take the insights from behavioural science to **make player-centric tools better**. For instance, the Commission will consult on implementing potential improvements to player-set deposit limits such as making them mandatory or opt-out rather than opt-in, and we will continue work with the gambling and financial services sectors to make customer-controlled gambling transaction blocks as robust as possible.
- Certain types of competitions and prize draws which offer significant prizes such as a luxury home or car now operate online in ways which could not have been foreseen in 2005. **We will explore the potential for regulating competitions of this type** to introduce appropriate controls around player protection and, where applicable, returns to good causes.

Advertising, sponsorship and branding

- Gambling advertising and marketing has expanded into new channels and grown significantly since the 2005 Act came into force. It is clear that gambling advertising can have a disproportionate impact on particular groups such as

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people who are already experiencing problems, and that some aggressive advertising practices can exacerbate harms.

- In a sector with a known addiction risk, the online data-driven targeting of certain individuals with promotional offers to encourage further spending presents risks because it actively encourages individuals to incur larger and larger losses. We have seen evidence showing that customers who have claimed online bonus offers are more likely to engage in high risk gambling behaviour, especially those already at a higher risk of harm who are also likely to be targeted with more offers. The Gambling Commission has recently **strengthened restrictions on online VIP schemes** to make sure they are not used to exploit gamblers, and has introduced rules to stop bonus offers and other marketing being targeted at people showing significant indicators of harm. It will now take forward work to **review the design and targeting of incentives such as free bets and bonuses to ensure there are clear rules and fair limits on re-wagering requirements and time limits so they do not encourage excessive or harmful gambling**. The Commission will consult on proposed new controls.
- We want customers to have **greater control over the types of marketing they receive**, such as opting-in for online bonuses and offers for different types of gambling products. The Commission will consult on introducing such controls.
- Our evidence also suggests that operators should go further in their **use of technology to target online adverts away from children and vulnerable people**, using the functionality available to automatically exclude people who are showing signs of being harmed or whose online profile is not clearly discernible as being someone over 18. We welcome that some major online platforms have introduced the facility for customers to opt-out of all gambling adverts, and strongly encourage others to do so. The [Online Advertising Programme](#) will explore further mechanisms to reduce harm from advertising across all sectors.
- We will **strengthen informational messaging including on risks associated with gambling**, from information at the point of purchase to messages within advertising, and identifying what messaging works for different contexts and audiences. Replacing industry ownership, the Department for Culture, Media and Sport and the Department of Health and Social Care will work together with the Gambling Commission, drawing on public health and social marketing expertise, to establish the most effective messaging and how it should be used.
- Advertising rules have changed to prohibit prominent sportspeople, in particular Premier League footballers, from appearing in gambling adverts, on the grounds of their strong appeal to children. **In line with this, the Premier**

League has announced that it will remove gambling logos from the front of players' shirts from the end of the 25/26 season. This should reduce children's incidental exposure to gambling logos while watching football and particularly via products such as stickers and video games, as well as the direct association with star players.

- We also welcome the commitment from governing bodies across the sport sector to develop a **cross-sport gambling sponsorship code**, with rules to make sure all sponsorship deals are socially responsible. We will work with sports bodies to refine the code over the coming months.

The Gambling Commission's powers and resources

- The Gambling Commission was created by the 2005 Act as the primary regulator for the gambling sector. We must ensure it has the powers and resources it needs to deliver its statutory remit, with the flexibility to meet future challenges.
- The Commission regulates a complex and challenging sector that is constantly evolving. **We will review the Gambling Commission's fees during 2024** to ensure it has the resources to continue improving how it delivers its core responsibilities and the commitments across this white paper. We also note that the Commission has less flexibility than other regulators to adjust its own fees in light of inflation or emerging challenges. When Parliamentary time allows, we will replace the requirement to set every fee in secondary legislation with more suitable controls.
- The Commission will become a more proactive regulator and it will now start building the capacity to **require and analyse more data from online operators to identify non-compliance with licence conditions**. Where breaches are spotted, the Commission will have increased resources to use its enforcement powers to full effect. It is also intended that more regulatory data, suitably anonymised, will be made available in due course to support independent research.
- The threat of an online gambling black market does not mean we should avoid tightening controls on licensed operators. However, the threat does exist and could undermine the licensing objectives. Therefore, when Parliamentary time allows, we plan to give the Gambling Commission **increased powers to support disruption and enforcement activity**, such as to pursue court orders which require internet service and payment providers to take down or block access to illegal gambling sites.
- We welcome the significant contributions industry has made to research, education and treatment (RET) since the introduction of the Gambling Act, and the substantial increase in funding the largest gambling operators have

made available for treatment in recent years. However, we recognise that a sufficient quantum of funding is not the only requirement for effective RET arrangements and this alone will not achieve our objective for a system which is equitable, ensures a high degree of long-term funding certainty and guarantees independence. We think therefore that the mechanism for funding projects and services to tackle gambling harms should no longer be based upon a system of voluntary contributions. **Government will introduce a statutory levy paid by operators and collected and distributed by the Gambling Commission under the direction and approval of Treasury and DCMS ministers.** We will launch a consultation on the details of its design including proposals on the total amount to be raised by the levy and how it will be proportionately and fairly constructed. Our consultation will take into account the differing association of different sectors with harm and/or their differing fixed costs.

- Government will also co-host workshops with UK Research and Innovation (UKRI), the umbrella body for the UK research councils, Innovate UK and Research England, to **stimulate interest and investment in gambling research.** This aims to build capacity and start filling the key evidence gaps identified by PHE's evidence review.

Dispute resolution and consumer redress

- Approximately 2,000 customer complaints per year to Alternative Dispute Resolution (ADR) providers and the Gambling Commission relate to social responsibility breaches, gambling harm and safer gambling. However, these are currently out of scope for ADR, and the Commission cannot require operators to repay individual customers. This means customers seeking personal redress in these areas currently have no choice but to pursue potentially costly and uncertain court action.
- We want customers to have further protections quickly. We will work with industry and all stakeholders in the sector to create an ombudsman that is fully operationally independent and is credible with customers. The body will adjudicate complaints relating to social responsibility or gambling harm where an operator is not able to resolve these. The information that an ombudsman collates through complaints will assist the Gambling Commission in planning its enforcement activity and help industry to improve processes and support vulnerable consumers. We expect all operators to take steps to offer appropriate redress to customers where needed and if the ombudsman does not attract sufficient cooperation or deliver the protections as we expect, we will legislate to put its position beyond doubt.

Children and young adults

- Safeguarding children from gambling-related harm is a priority. Self-reported gambling participation by 11 to 16 year olds has fallen substantially over the last decade and most forms of gambling are already illegal for under 18s, but we will continue to strengthen protections.
- Although we recently raised the age limit for the National Lottery to 18, other lottery and football pools products are still legally permitted from age 16. We welcome that most providers already voluntarily prevent play by 16 and 17 year olds, and that participation is therefore minimal. We nonetheless challenge other providers to adopt this precautionary measure, **so that there is no online or widely and easily accessible gambling for under 18s.** When Parliamentary time allows, we will legislate to ensure consistency with the National Lottery and compliance across the sector.
- We will also give legislative backing to the current voluntary **measures preventing the use of Category D cash out slot machines by under 18s.** This will create a clear distinction between gambling products for adults and lower risk products accessible to children (such as crane grabbers or coin pushers) which have non-cash prizes or are entirely unlike an adult gambling product.
- There are strict and well-observed rules for age verification online and in many land-based venues. However, there are still too many instances of insufficient age verification in some venues, particularly those such as pubs, which can offer adult-only gaming machines but are not adult-only venues like many gambling premises. **We challenge industry to improve age verification and will legislate when Parliamentary time allows to strengthen licensing authority powers in respect of alcohol-licensed premises by making provisions in the Gambling Commission's code of practice binding.** The Commission will also remove the exemption from test purchasing requirements for the smallest venues, ensuring all licensed venues are held to the same standards.
- While most age-restricted products including gambling are permitted from age 18 in this country, there is evidence that **young adults (such as those aged 18 to 24) may be particularly susceptible to gambling-related harm.** This is due to a combination of common life stage factors including continuing brain development impacting impulsivity control, changing support networks, and common financial circumstances such as managing money for the first time. **Protections for this group will be increased,** for instance through earlier interventions to assess financial risks, and structural controls such as a lower stake limit for online slots games. Operators will also be obliged to give specific consideration to age as a factor when considering potential

customer vulnerabilities. The Commission will shortly release a statement on vulnerabilities to set out its expectations in line with its guidance on remote customer interaction.

Land-based gambling

- The 2005 Act sets out a range of restrictions for land-based gambling based on the assumption that restrictions on supply (for example casino numbers and gaming machine availability) are an important protection. However, in the light of the availability of remote gambling, the characteristics of a product and quality of monitoring have now assumed greater importance.
- **The 2005 Act created new types of casino licence. Following progress by the sector to strengthen player protections, we will now take further steps to extend this regime.** Where casinos whose licence originates in the Gaming Act 1968 meet the requirements of a 2005 Act Small casino, including for size and non-gambling space, they will be eligible for the same gaming machine allowance and we will align fees and mandatory premises licence conditions as appropriate. A single machine to table ratio of 5:1 will apply to Large and Small 2005 Act casinos and these larger 1968 Act casinos and they will be entitled to the same maximum 80 machine allowance. We will allow smaller casinos to benefit from more machines on a pro rata basis commensurate with their size and non-gambling space, subject to the same table to machine ratios and other conditions.
- We will also **permit casinos of all sizes to offer sports betting** in addition to other gambling activities and will **take steps to reallocate unused 2005 Act casino licences** to other local authorities.
- We recognise the internationally competitive market in which the small number of high-end casinos operate and the challenges the sector faces. To support their contribution to inward tourism, and as international cheques disappear as a product, we will legislate when Parliamentary time allows so that **these casinos, and others which cater to the same customer group, will be able to offer credit to international visitors who have undergone stringent checks** (to be set out by the Gambling Commission).
- A key concern for some of the land-based sectors is the ban on direct use of debit cards on gaming machines and we recognise that substantial changes are happening to how payments in society are being made. Therefore, **we will work with the Gambling Commission to develop specific consultation options for cashless payments, including the player protections that would be required before we remove the prohibition.**

- The Gambling Commission will undertake **a review of gaming machine technical standards**, to include the role of session limits across Category B and C machines.
- We will adjust the 80/20 ratio which restricts the balance of Category B and C/D machines in bingo and arcade venues **to 50/50**, to ensure that businesses can offer customer choice and flexibility while maintaining a balanced offer of gambling products.
- We will also **look at the legislative options and conditions under which licensed bingo premises might be permitted to offer side bets**.
- We support **allowing specific proposals for new machine games to be tested within planned industry pilots** under certain conditions, with the close involvement of the Gambling Commission. We also support allowing trials of linked gaming machines, where prizes could accrue across a community of machines, in venues other than casinos (where they are already permitted). This is subject to further work to assess the conditions and how to limit gambling harm, and subject to Parliamentary time to legislate.
- **Licensing authorities** have an important regulatory role alongside the Gambling Commission in licensing local premises. Empowering local leaders to take decisions in their area is a priority for this government and we support them in the use of the broad powers which the planning and gambling regulation frameworks give them to set licence conditions and consider applications. To increase their confidence in using these powers, we will align the regimes for alcohol and gambling licensing by **introducing cumulative impact assessments** when Parliamentary time allows and will consult on **increasing the maximum fees** they can charge for premises licences and permits.

Impact of reform

- Measures in this white paper are designed to increase existing protections against gambling-related harm in a proportionate and targeted way. We have high confidence that the proposals address practices and products which can cause or exacerbate the risks of harm, but due to the complexity of gambling harms we cannot precisely project the reduction in gambling-related harm we expect to see at this stage. Any reduction in such harms is likely to reduce the associated societal and government costs.
- It is likely that the proposals will come with costs to the gambling industry, both in terms of upfront delivery cost but also in reduced revenue compared to current levels. We currently estimate that the key proposals we can quantify will lead to between a 3% and 8% reduction in Gross Gambling Yield (GGY) across the gambling sector, with the main decrease being in online gambling

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(where we estimate a reduction of between 8% and 14% of GGY). Our expectation is that much of this will be foregone revenue from customers who were being harmed by their gambling, but this will be considered further through impact assessments alongside future consultations on policy. Further detail on our initial estimates of the likely or possible impacts of the package, including on sectors related to gambling such as horse racing, is at [Annex A](#).

- The government recognises the significant contribution that horse racing makes to British sporting culture and its particular importance to the British rural economy, and is keen to ensure that measures such as financial risk checks do not adversely affect the sector. **We have therefore commenced the review of the horserace betting levy which we are required to undertake by 2024** and will take account of the changes set out in this document to ensure the levy delivers an appropriate level of funding for the sector.

Key white paper proposals and next steps

- This white paper sets out a series of changes, and we will work with the Gambling Commission and others to implement them as soon as possible, consulting appropriately where necessary or desirable. The table below summarises the most significant proposals, how they will be delivered, and next steps. Our intention is that the main measures in the white paper will be in force by summer 2024.

Key policy proposals summary	Proposed delivery vehicle	Next steps, noting that primary and secondary legislation is subject to Parliamentary time
More prescriptive rules on when online operators must check customers' financial circumstances for signs their losses are harmful. These start with light touch checks at moderate spend levels (we propose £125 net loss within a month or £500 net loss within a year) and escalate to more detailed checks for the highest spenders (we propose £1,000 net loss within a day or £2,000 net loss within 90 days).	Gambling Commission powers	Gambling Commission consultation in summer 2023

Key policy proposals summary	Proposed delivery vehicle	Next steps, noting that primary and secondary legislation is subject to Parliamentary time
<p>A stake limit for online slots games (which evidence suggests is the highest risk product) bringing them more in line with the land-based sector. Subject to consultation, the limit will be between £2 and £15 per spin, and we will also consult on measures to give greater protections for 18 to 24 year olds who the evidence suggests may be a particularly vulnerable cohort. This will include options of a £2 limit per stake; a £4 limit per stake; or an approach based on individual risk.</p>	<p>Secondary legislation</p>	<p>DCMS consultation in summer 2023</p>
<p>Making online games safer by design by reviewing game speeds and removing features which exacerbate risks.</p>	<p>Gambling Commission powers</p>	<p>Assessment of initial impact of changes to make online slots safer by design in spring 2023, followed by consultation in summer 2023</p>
<p>Subject to trial outcomes, Commission to consult on making data sharing between online operators on high risk customers mandatory for collaborative harm prevention.</p>	<p>Gambling Commission powers</p>	<p>Initial trial results expected summer 2023</p>
<p>Improvements to player-centric tools. For instance the Commission will consult on increasing the uptake of these tools, including whether it is appropriate to make online deposit limits mandatory or opt-out rather than opt-in.</p>	<p>Gambling Commission powers</p>	<p>Gambling Commission consultation in 2023</p>

Key policy proposals summary	Proposed delivery vehicle	Next steps, noting that primary and secondary legislation is subject to Parliamentary time
Ensuring that incentives like bonuses and free bets are constructed in a socially responsible manner that does not exacerbate the risk of harm.	Gambling Commission powers	Gambling Commission consultation in 2023
Strengthen informational messaging including on the risks associated with gambling.	Government action	Government working group to commence summer 2023
The Premier League has agreed to voluntarily end front-of-shirt sponsorships by gambling firms.	Voluntary commitment	Implemented from the end of the 25/26 season
Reviewing Gambling Commission fees to ensure it has the necessary resources to make more use of data in active enforcement and deliver commitments in this white paper. When Parliamentary time allows we will also give it new powers against the black market and replace the inflexible system of how fees are changed.	Combination of primary and secondary legislation	DCMS consultation on reviewing fees in 2024
Introducing a statutory levy paid by operators in scope directly to the Gambling Commission to fund research, education and treatment of gambling harms.	Secondary legislation	DCMS consultation on design and scope in summer 2023
A new ombudsman to deal with disputes and provide appropriate redress where a customer suffers losses due to operators' social responsibility failure.	Voluntary initially, with legislation if needed	Process for appointment to commence spring/summer 2023. We expect the ombudsman to be accepting complaints within a year

Key policy proposals summary	Proposed delivery vehicle	Next steps, noting that primary and secondary legislation is subject to Parliamentary time
<p>Working with the sector and closing remaining gaps so that under 18s can do no forms of gambling either online, via fruit machines that pay cash, or on widely accessible scratchcards. Legislation when Parliamentary time allows.</p>	<p>Voluntary action and secondary legislation, followed by primary legislation when Parliamentary time allows</p>	<p>DCMS consultation on secondary legislation on cash pay out machines summer 2023</p>
<p>Helping the casino sector through making the rules on machines more consistent, permitting an upper limit of 80 rather than 20 to all casinos which meet rules on size, non gambling space and player protections rather than just a few. Allowing smaller casinos to benefit from more machines on a pro rata basis commensurate with their size, and also permitting sports betting in all casinos rather than just those licensed under the 2005 Act.</p> <p>Limited change to allow high-end casinos and others transacting with the same group of wealthy overseas visitors to offer credit, subject to protections.</p>	<p>Combination of primary and secondary legislation</p>	<p>DCMS consultation on outstanding issues in summer 2023</p>
<p>Working with the Gambling Commission to develop specific consultation options for cashless payments on gaming machines, including the player protections that would be required before we remove the prohibition.</p>	<p>Secondary legislation and Gambling Commission powers</p>	<p>Consultation in summer 2023</p>

Executive summary

Key policy proposals summary	Proposed delivery vehicle	Next steps, noting that primary and secondary legislation is subject to Parliamentary time
Relaxing the 80/20 machine rule to 50/50 so there can be an even split between low and medium maximum stake machines.	Secondary legislation	DCMS consultation in summer 2023
A review of the premises licence fees cap for local authorities. When Parliamentary time allows, aligning the gambling licensing system with that for alcohol by introducing new powers to conduct cumulative impact assessments.	Combination of primary and secondary legislation	DCMS consultation in summer 2023
Beginning the review of the Horserace Betting Levy to ensure the appropriate level of funding for horse racing is maintained.	Review outcomes will dictate	Stakeholder engagement, evidence gathering and analysis spring and summer 2023

Introduction

1. In December 2020, the government launched the Review of the Gambling Act 2005 with the publication of the [Terms of Reference and Call for Evidence](#). The Review was set up to ensure our gambling laws are fit for the digital age and is the broadest examination of the regulatory framework for gambling since the 2005 Gambling Act.
2. The Terms of Reference said that the government's three objectives for the Act Review were to:
 - 'Examine whether changes are needed to the system of gambling regulation in Great Britain to reflect changes to the gambling landscape since 2005, particularly due to technological advances
 - Ensure there is an appropriate balance between consumer freedoms and choice on the one hand, and prevention of harm to vulnerable groups and wider communities on the other
 - Make sure customers are suitably protected whenever and wherever they are gambling, and that there is an equitable approach to the regulation of the online and the land-based industries'
3. This white paper sets out the government's vision for the future of gambling regulation with a package of measures which meet the government's objectives and reflect the latest evidence, including from our December 2020 to March 2021 call for evidence.
4. The white paper is structured around the six main themes in the call for evidence, followed by annexes on the estimated overall impact of our proposals and a summary of the submissions received to the call for evidence.
 - Online protections – players and products
 - Marketing and advertising
 - The Gambling Commission's powers and resources
 - Dispute resolution and consumer redress
 - Children and young adults
 - Land-based gambling

Developments since the 2005 Act came into force

5. The Gambling Act 2005 sets out how gambling is regulated in Great Britain (gambling policy is almost entirely devolved to Northern Ireland). It does not cover the UK wide National Lottery which was set up by separate legislation.

Introduction

The Gambling Act came fully into force in 2007 and covers all types of in-person and remote commercial gambling, including gambling online. The Act created the Gambling Commission (replacing the Gaming Board) as the sector's principal regulator, giving it responsibility for licensing, monitoring and, where necessary, taking enforcement action against gambling operators.

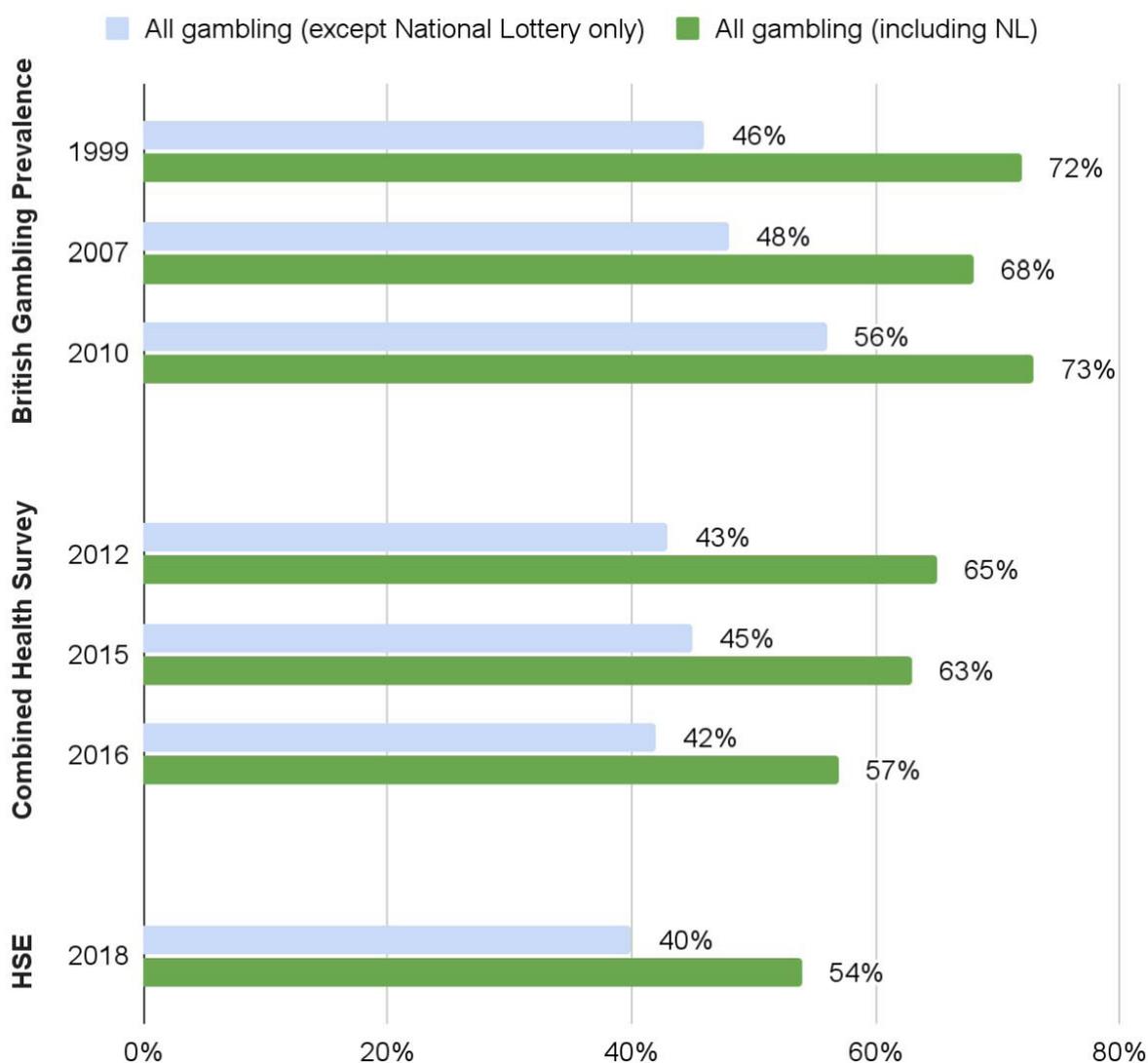
6. The Act initially covered gambling offered in premises based in Great Britain and also remote gambling offered by GB-based operators. It was subsequently amended in 2014 to extend to operators based anywhere in the world who are offering remote gambling to customers based in Great Britain. The change created a 'point of consumption' regulatory regime, meaning that any gambling company transacting with British consumers has to have a licence from the Gambling Commission and comply with the licence conditions.
7. The Act has been described as enabling legislation as it empowered the new regulator to respond to emerging challenges by setting new licence conditions, whether for individual operators, sub-sectors or across the industry. It also gives the Secretary of State the power to update specific provisions (such as the maximum stakes and prizes for gaming machines) and to set licence conditions via secondary legislation.
8. The Gambling Commission has used its power to update Licence Conditions and Codes of Practice (LCCPs) to deliver a number of key reforms. These have most recently included changes to the social responsibility code such as new requirements on age and identity verification, tighter rules on VIP schemes, the ban on credit cards for nearly all types of gambling, the ban on reverse withdrawals, new rules for online slot games, and tighter requirements on remote customer interaction.
9. Gaming machine stake and prize limits are set out in secondary legislation and have been changed a number of times by the Secretary of State since the 2005 Act. For instance, the 2016-18 [review of gaming machines and social responsibility measures](#) led to, among other measures, a cut in the maximum stake for B2 machines in betting shops from £100 to £2 in 2019.
10. In addition to the licence conditions and legislation governing how facilities to gamble are offered, all gambling advertising must comply with the UK Advertising Codes which are set by the Committees of Advertising Practice and enforced by the Advertising Standards Authority (ASA). These have also been updated a number of times since 2005, with guidance also tightened where needed to mitigate particular risks (e.g. banning content with strong appeal to children from October 2022).

11. The 2005 Act also created a partnership between the Gambling Commission and [368 licensing authorities](#) (Local Authorities) in England, Wales and Scotland for the regulation of land-based gambling. While the Commission licences operators and individuals, Local Authorities (and Licensing Boards in Scotland) licence premises and have the power to place conditions on licences as well as to grant or refuse them.

Gambling Participation and Prevalence of Harm

12. Each nation in Great Britain conducts its own annual Health Survey to gather authoritative data on physical and mental health, and these periodically include gambling questions. The most recent year for which we have combined Health Survey data is 2016, in NatCen's report [Gambling Behaviour in Great Britain in 2016](#).
13. In addition, the Gambling Commission collects regular data on the extent and impact of gambling in Great Britain. As well as commissioning analyses of Health Survey data and a wider programme of research, the Commission conducts a quarterly telephone survey on participation and prevalence to track trends, but this is less robust than the full Health Surveys.
14. The coverage of these surveys is not perfect and there are gaps in the evidence and our understanding. However, Public Health England (PHE) compiled, assessed and reviewed evidence on gambling participation and harm as part of the [Gambling-related harms evidence review](#) which was initially published in September 2021, then revised in January 2023 by the Office for Health Improvement and Disparities.
15. Overall, gambling is a popular activity in Great Britain. Excluding National Lottery only play, participation trends are broadly flat with some signs of a decline since 2010. [Figure 1](#) presents the best available data on long-term trends in gambling participation.

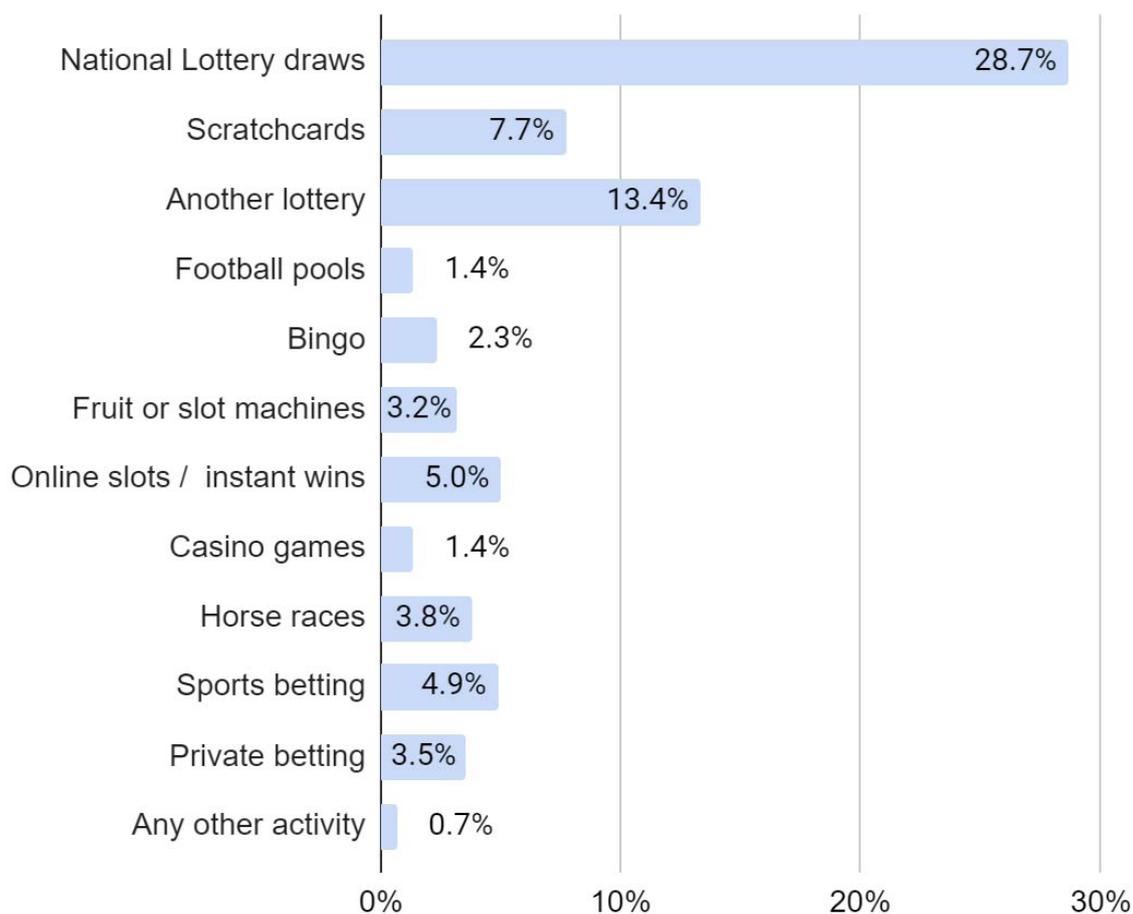
Figure 1: Past year gambling participation (% of adults in Great Britain)
Survey methodology varies over time – see labels below. HSE (2018) is for England only.



Sources: NatCen, [British Gambling Prevalence Survey 2010](#); [Gambling Behaviour in Great Britain in 2016](#); NHS Digital, [Health Survey for England 2018 – Supplementary Analysis for Gambling, 2019](#)

16. The more recent data from the [Gambling Commission’s quarterly telephone surveys](#) suggests that in the year to December 2022, 44% of surveyed adults had taken part in at least one gambling activity in the previous four weeks (29% excluding those who only played the National Lottery).
17. The National Lottery has had a broad customer base since its launch in 1994 and remains the most popular gambling product (see [Figure 2](#) below). It is regulated under a separate framework from commercial gambling, the National Lottery etc. Act 1993, and is not subject to this Review. Since its launch in 1994, the National Lottery has raised [over £47 billion for good causes](#) and its games are associated with among the lowest levels of problem gambling prevalence of any product.

Figure 2: Past four week adult gambling participation by product in year to December 2022



Source: [Gambling Commission statistics on participation and problem gambling for the year to December 2022](#)

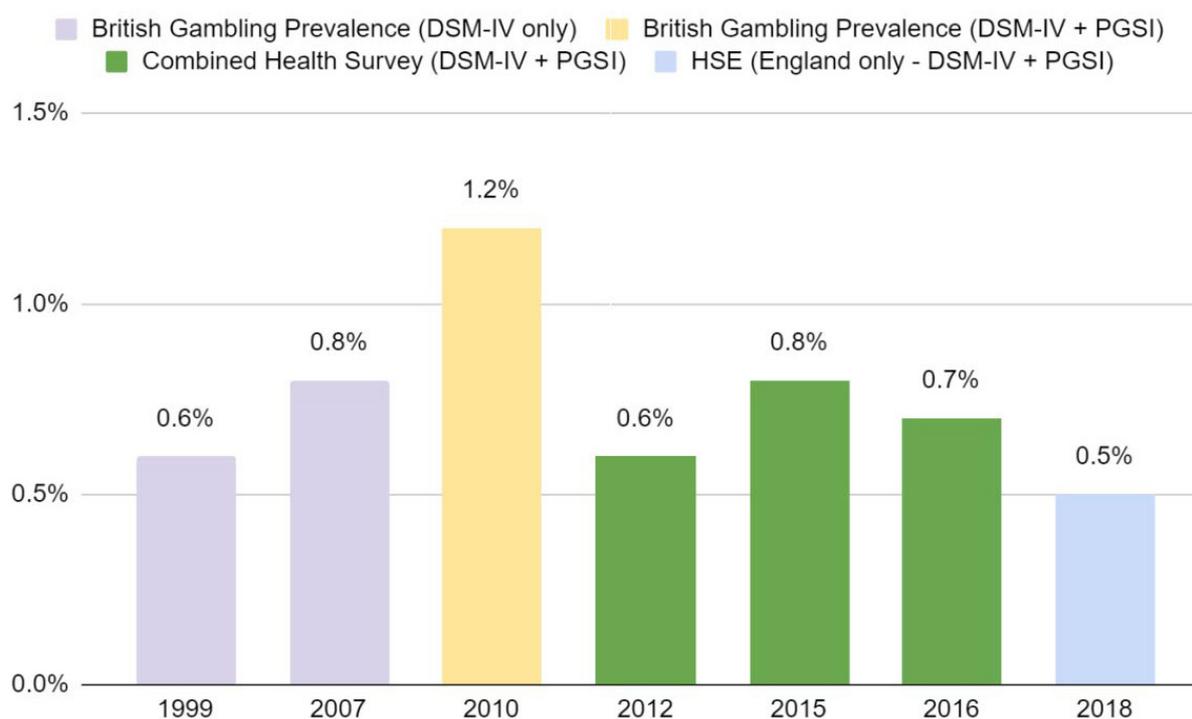
18. When all forms of gambling are considered together, [participation is higher among men](#) (57.4% of men surveyed in England between 2012 and 2018 had gambled in the previous 12 months) than women (50.7%). Overall, the [PHE evidence review](#) found that the highest rates of gambling participation are reported among people who have higher academic qualifications, are employed, are relatively less deprived, and who reported better general psychological health and high life satisfaction. However, as outlined below, more deprived communities have higher rates of people experiencing problem gambling.

Gambling-Related Harms

19. The very nature of gambling involves risk and potential losses. It is clear that gambling-related harms can ruin lives, wreck families, and damage communities, with issues including mental health and relationship problems, debts that cannot be repaid, crime, or even suicide in extreme cases.

Introduction

20. Gambling harm is often a result of the interplay between individual susceptibility, environmental factors, the products themselves and operator actions. However, as the PHE evidence review found, gambling and the associated harms are less well understood and researched than some other addictions such as alcohol misuse, and much of the available evidence is limited or varying in quality.
21. Firstly, the best available evidence suggests that the large majority of people who gamble suffer no ill effects. Most gamblers report having never experienced any of the 9 indicators of harm in the [Problem Gambling Severity Index](#) (PGSI) screen as measured in the questions below:
- Have you bet more than you could really afford to lose?
 - Have you needed to gamble with larger amounts of money to get the same feeling of excitement?
 - When you gambled, did you go back another day to try to win back the money you lost?
 - Have you borrowed money or sold anything to get money to gamble?
 - Have you felt that you might have a problem with gambling?
 - Has gambling caused you any health problems, including stress or anxiety?
 - Have people criticised your betting or told you that you had a gambling problem, regardless of whether or not you thought it was true?
 - Has your gambling caused any financial problems for you or your household?
 - Have you felt guilty about the way you gamble or what happens when you gamble?
22. However, a small proportion do suffer significant harm as a result of gambling, and the PHE evidence review included a detailed [quantitative analysis](#) on this issue. [Figure 3](#) shows the best available data on population problem gambling rates, which have remained broadly steady around or below 1% for over 20 years. Based on Health Survey data, we now estimate there to be approximately 300,000 people across Great Britain who meet the definition of being a 'problem gambler'.

Figure 3: Population problem gambling rates (survey methodologies vary over time)

Sources: NatCen, [British Gambling Prevalence Survey 2010](#); [Gambling Behaviour in Great Britain in 2016](#), NHS Digital, [Health Survey for England 2018 – Supplementary Analysis for Gambling, 2019](#). DSM-IV relates to the fourth edition of the Diagnostic and Statistical Manual of the American Psychiatric Association

23. There are some recent signs of a decrease in problem gambling rates, with the Gambling Commission’s quarterly surveys finding a steady fall over recent years to a low of 0.2% in the [year to December 2022](#). However, this is based on smaller sample sizes than the data in [Figure 3](#) and on the PGSI mini screen rather than all 9 questions above. Figures may also have been impacted by the recent fall in gambling participation or other behaviour changes linked to the coronavirus (COVID-19) pandemic, including the unavailability of some gambling activities. In a recent [pilot](#) for a new approach to collecting data on population problem gambling rates, the Commission found the sample surveyed had a higher problem gambling prevalence rate of 1.3%, although this is an experimental rather than official statistic and the methodology is still being refined.
24. There is significant detail underneath this population problem gambling rate which the PHE review considered. In particular, it found men were more likely to be experiencing problem gambling than women and that 16 to 24 year olds had the highest average PGSI score of any age group. There are also significant variations in the rates of problem gambling associated with each product, but consistent evidence that gambling online and the use of multiple gambling products are associated with higher PGSI scores.

Introduction

25. The proportion of people suffering harm might also be identified through other sources such as [bank transaction analysis](#), hospital admission data, and operators' own harm detection algorithms which flag the customers displaying indicators of harmful gambling. However, there are limitations to all of these sources including incomplete coverage and lack of detailed information.
26. Harmful gambling is strongly correlated with and likely to exacerbate existing health disparities. There is a higher prevalence of problem gambling among people with poor health, low life satisfaction and wellbeing scores, and the problem gambling rate is higher among more deprived groups than less deprived groups. For instance, [PHE's evidence review](#) found that the problem gambling rate is 0.3% among graduates, compared to 1.0% for people with no qualifications, and is around three times higher among unemployed people (2.1%) than employed people (0.7%).
27. It is also important to recognise that problems with gambling can be one of a number of harms individuals suffer simultaneously; for instance while gambling addiction can impact mental health and wellbeing, poor mental health and heavy alcohol use are commonly suffered alongside gambling harms. Due to a lack of longitudinal evidence the PHE report did not establish causal relationships with these other health harms, or in the case of mental health issues, found that relationships appeared to go in both directions.
28. In addition to the approximately 300,000 people categorised as 'problem gamblers', there are approximately 1.8 million people in Great Britain categorised as 'at risk'. This includes approximately 1.4 million classed as low risk, who may not be suffering harm but occasionally engage in potentially harmful behaviours such as chasing losses, and around 440,000 classed as moderate risk, who may suffer some negative consequences such as having to gamble larger and larger amounts to get the thrill or feeling guilty about gambling. Alongside the harm to the individual, gambling-related harms can have negative impacts on other people and wider communities. A [YouGov survey](#) commissioned by GambleAware estimated that 6% of the population are negatively affected by someone else's gambling (for example through relationship strain or financial hardship) and that women are overrepresented in this category.

Benefits of gambling

29. There are also benefits to gambling which should be weighed in decision making, although they do not negate the need to prevent gambling-related harm. For most people who participate, gambling is a leisure and entertainment activity, as explored in the Gambling Commission's research into [why people gamble](#) and its research into [customer journeys](#). While the risks vary by product and other factors, gambling participation is generally not in itself harmful and may even be positive. Gambling can be sociable, can help tackle loneliness and isolation, can enhance the enjoyment of other activities, and can be a valuable pastime in its own right, although quantifying these benefits is inherently difficult.
30. For the majority of people in the Gambling Commission's research, gambling was just another normal activity which they reported feeling completely in control of. While motivations varied, around three quarters of respondents to the why people gamble study agreed that the opportunity to win money was a part of the enjoyment, while 66% agreed they 'get a thrill from finding out if they've won or not'.
31. There are also economic benefits to having a well regulated industry to service this demand. The sector pays approximately £2 billion per year to the government in duties (excluding Lottery Duty), accounted for [£5.7 billion or 0.3% of UK Gross Value Added \(GVA\) in 2019](#), and employed [approximately 98,000 people](#) in Great Britain in 2019. While many gambling companies do operate overseas hubs, the jobs in this country are geographically dispersed, with hubs of high skill work in areas like Stoke-on-Trent and Leeds.
32. The gambling sector also contributes significantly to other industries, including sport, advertising and racing. Horse racing in particular has a mutually beneficial relationship with betting, and the levy paid by bookmakers on their racing derived revenue contributes around £100 million a year to support the sport. Gambling can also contribute to tourism, for instance to seaside towns across the country, or high-end casinos attracting wealthy overseas visitors who spend across a number of other sectors while in this country. Additionally, some gambling products enable charities and other non-commercial organisations such as sports clubs to raise valuable funds. For instance, large society lotteries generated [over £400 million in 2020/21](#) in returns to good causes.

Chapter 1: Online protections – players and products

Summary

- The evidence suggests that particular elements and products of online gambling are associated with an elevated risk of harm. Equally, technological development has presented new opportunities to protect players. Making the most of these is central to ensuring our framework is fit for the digital age. This chapter proposes a range of targeted interventions:

Account level protections

- The Gambling Commission will consult on new obligations on operators to conduct checks to understand if a customer's gambling is likely to be harmful in the context of their financial circumstances. This will target three key risks identified by the Gambling Commission in its casework: binge gambling, significant unaffordable losses over time and financially vulnerable customers.
- In general, this government agrees with the principle that people should be free to spend their money how they see fit, so we propose a targeted system of financial risk checks that is proportionate to the risk of harm occurring. Assessments should start with unintrusive checks at moderate levels of spend (we propose £125 net loss within a month or £500 within a year), and if necessary escalate to checks which are more detailed but still frictionless at higher loss levels where the risks are greater (we propose £1,000 loss within a day or £2,000 within 90 days). We also propose that the triggers for enhanced checks should be lower for those aged 18 to 24.
- Once a suitably effective and secure platform is in place, the Gambling Commission will consult on making data sharing on high risk customers mandatory for all remote operators. Individual operators can take steps to prevent harm on their own platform, but people suffering gambling harms often hold multiple accounts. Where there are serious concerns, operators must work together.
- While account verification is on the whole effective, there are difficulties in matching payment details to the account holder. This creates compliance risks and potential harms for those experiencing problem gambling and affected others. With new technologies and payment regulations now in place, the Commission will work with others to consider what more can be done to reduce this risk.

Safer games

- The Gambling Commission will review and consult on updating design rules for online products, building on its recent work on online slots to consider features like speed of play which can exacerbate intensity and risk. Products which are safer by design will help prevent harm at source and reduce the reliance on reactive harm detection systems.
- We propose to introduce a maximum stake limit for online slots games of between £2 and £15, subject to consultation. This would prevent slots play where there is an elevated risk of rapid losses and/or harm, while leaving the majority of customers who play at low stakes unaffected. We will also consult on measures to give greater protections for 18 to 24 year olds who the evidence suggests may be a particularly vulnerable cohort. This will include options of a £2 limit per stake; a £4 limit per stake; or an approach based on individual risk.

Empowered customers

- Tools like deposit limits can help people gamble within their means, but may be underused and not widely optimised for harm prevention. Informed by insights from behavioural science, the Gambling Commission will explore making these tools mandatory for players to use or opt-out rather than opt-in, as well as other changes to reduce friction and help people gamble safely before any problems arise.
- While GAMSTOP is the principal means of online self-exclusion, we welcome that banks and payment providers offer opt-in gambling transaction blocks. The gambling industry should work with financial service firms to enable the blocks to be extended to other payment methods like bank transfers.
- Online operators use data to identify and restrict accounts in response to suspected fraudulent activity and for commercial reasons (for example customers betting too successfully). It is important that customers are made aware of the circumstances in which such restrictions may be applied and provided with explanations where it does occur. This is consistent with the Commission's rules for clear and accessible terms and conditions and the regulator will monitor operators' compliance in this area.
- Operators sometimes put artificial behavioural barriers in the way of consumers doing what they want. Activities such as withdrawing winnings, closing accounts and accessing important information should be made as frictionless as possible. Behavioural barriers and friction should only be used to keep customers safe rather than impede them from taking decisions.

Changing landscape

- ‘White label’ describes a commercial arrangement whereby a licensee offers remote gambling under a brand provided by a third party which does not itself hold a remote gambling licence. While the risks are not fundamental to such arrangements and licensees are rightly held to account, there have been examples of non-compliance associated with these arrangements. The Gambling Commission will consolidate and reinforce expectations for operators on contracting with third parties, including white labels.
- Prize draws and competitions have been able to grow significantly and advertise widely in the digital age. These competitions, unlike lotteries, are not regulated. This is because they offer a free entry route (for instance via ordinary post) or have a skill-based element. We propose to explore the potential for regulating the largest competitions of this type to introduce appropriate controls around player protection and, where applicable, returns to good causes, and to improve transparency.

1.1 The current position

1. The online gambling landscape now is very different to the one which existed in 2005. Online gambling overtook land-based gambling by Gross Gambling Yield (‘GGY’) – the total value of funds staked minus any winnings or prizes paid out – in September 2019 and [continues to grow](#). In the [year to December 2022](#), 18.6% of British adults had gambled online in the last four weeks, excluding National Lottery products, compared to 14.4% in the year to December 2018. This has largely been driven by a channel shift from land-based gambling, where participation has fallen from 24.7% to 19.5% of adults in the same period (excluding the National Lottery). While the lasting impacts of the COVID-19 pandemic remain to be seen, it seems likely that the shift towards online participation, as we have seen in many other sectors, will continue.
2. Perhaps more significant change has occurred underneath this wider channel shift, as new technologies have also reshaped where, when and how people gamble online. In 2015, just 23% of online gamblers had used a mobile phone to gamble online in the previous 4 weeks, compared to [50% in 2020](#). Online gamblers can now gamble at any time and in any location they choose, and while online gambling from home remains the most popular choice, in 2020 1 in 5 had done so outside the home.
3. Technological change has also enabled innovation in both the betting and gaming product offer. For betting, this has predominantly entailed increased betting opportunities. Not only is there an unprecedented variety of

international sports and fixtures to bet on, 'in-play' betting (while an event is taking place), 'request a bet/ build a bet' (where gamblers pick their own combination of outcomes to wager on) and peer to peer betting exchanges are now widely and frictionlessly used, having been in their infancy or non-existent in 2005. Online gaming products too have changed as the sector has matured, with rapid, stimulating and intense random number generator powered games like online slots becoming increasingly popular and making up a larger portion of operator profits over time. Further change is inevitable.

4. While all gambling carries a risk of harm, there are warning signs that aspects of online gambling in its current form are associated with particular risks for consumers, including the 24/7 accessibility via mobile devices; the ease of access to funds and use of digital monies; the ability to gamble without some element of direct human supervision, including when intoxicated; and the immersive nature of online activities in general. According to the [2018 Health Survey for England](#), excluding National Lottery draws, 4.2% of people accessing any online gambling were experiencing problem gambling, compared to 1.3% of people accessing any gambling activity. These trends have also been identified in [evidence highlighted by PHE](#). While drawing on predominantly cross-sectional evidence from multiple jurisdictions, [a meta-analysis of research around the risk factors for harmful gambling](#) found that 'internet gambling' had the strongest association with problem gambling, exceeding any other product type and various demographic or socioeconomic factors. Online gambling is also increasingly flagged by individuals accessing treatment or support services: in 2021/22 around [75% of patients of the National Gambling Treatment Service](#) across Great Britain primarily gambled online, and [84% of GamCare helpline callers](#) mentioned online gambling against 30% for offline.
5. Some academics, treatment providers and groups with personal experience have also argued the environment of online gambling and certain structural characteristics of online products are inherently risky for all customers, and particularly for those who are otherwise vulnerable. For example, 40% of online gamblers who had experienced mental health problems agreed they [did not feel like they were spending real money](#) online, compared to 26% of those with no experience of mental health problems. We also received evidence from charities that people facing challenges like social isolation or cognitive dysfunction (such as following a brain injury) could be particularly attracted to remote gambling opportunities and fail to understand or properly assess the risks.
6. However, the online environment also provides many opportunities to make sure people are gambling safely. All online play is account-based, and recent years have seen significant strides in the development of harm detection algorithms which monitor every aspect of a customer's gambling to spot signs

of risk and trigger interventions without human input. Equally, customers can be easily empowered with a range of tools like financial limits which are inherently harder to implement offline.

7. Our vision for remote gambling is that the risks are mitigated, and that we maximise the use of technology and data to protect people in a targeted way at all stages of the customer journey. The proposals outlined will deliver:
 - New **account level protections** to make sure operators are adequately protecting all online gamblers
 - Measures to make **online products safer by design**, including controls on structural characteristics like speed and stake
 - Steps to **empower all online gambling customers** to understand and control their gambling
 - A new approach to specific issues which are part of the **changing landscape** in the ever innovating online gambling environment

Current protections

8. This section takes stock of the existing protections in place for online gamblers to contextualise the proposals outlined later in this chapter. Online gambling is a fully regulated sector, and the rules governing it are largely set out in licence conditions or technical standards on remote operators rather than in statute. This enables the requirements to be more detailed and to be amended more quickly over time to respond to technological change or new risks to consumers.

Protections applied by the consumer

9. All licensed online operators must provide customers with a range of tools to help them gamble safely, such as gambling activity statements, ‘time out’ functionality, and facilities to set limits on spend. While the use of these tools by customers is voluntary and operators are afforded a degree of discretion around how they are designed, there are requirements attached to certain tools. For example, the option to set a deposit limit must be available to all customers from when they first open an account or deposit funds, and increasing a deposit limit must take at least 24 hours to come into effect.
10. While most gambling management tools are provided to help customers gamble safely, all operators must also offer self-exclusion facilities to help those who wish to stop gambling altogether. In March 2020, it became mandatory for licensed operators to sign up to GAMSTOP, the multi-operator self-exclusion scheme. According to GAMSTOP’s submission to the DCMS

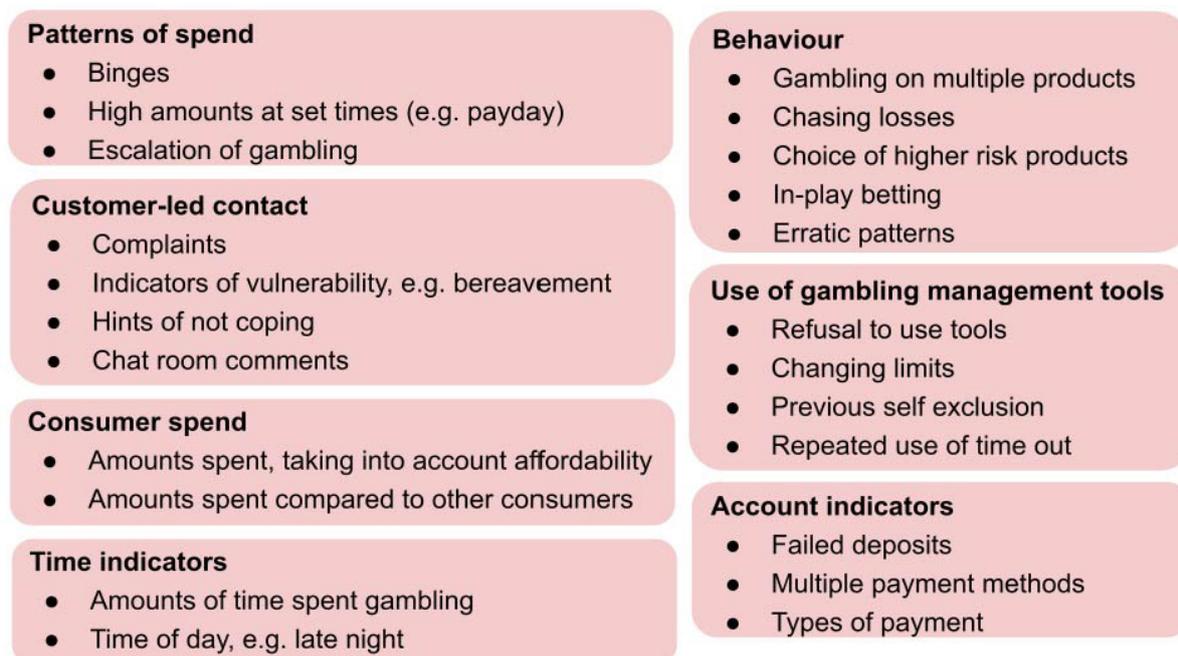
Select Committee which was published in March 2023, 345,000 individuals have registered with the scheme since April 2018.

11. Other sectors and non-profit organisations can also help consumers manage their gambling. Approximately 90% of UK current accounts from retail banks now offer opt-in gambling blocks which prevent card payments to gambling companies once activated. Similar tools are increasingly available from other payment providers like PayPal. Services such as Gamban and BetBlocker also allow consumers to block access to gambling apps and websites on internet devices. When used in conjunction with self-exclusion, payment and website blocks can add a further layer of protection for people recovering from gambling harm.

Protections applied by gambling operators

12. However, while these tools are helpful for many online gamblers, they are not enough to fully mitigate the risks, so there are also a range of obligations on operators to identify and prevent gambling-related harm. All operators must monitor player behaviour and use the wealth of data they have available to identify those who may be at risk and take action to protect them, in line with the Commission's detailed guidance. Where needed, the actions taken must include encouraging or requiring a player to set limits, actively signposting to support services, suspending marketing in cases where there are strong indicators of harm, and unilaterally suspending or closing accounts.
13. While operators' approaches to achieving this vary, [the strengthened Gambling Commission rules](#) which came into force in September 2022 and February 2023 clarify operator responsibilities around customer interaction and mandate consistency across the sector. These rules specify seven relevant categories of "indicators of harm" which all operators must monitor from the moment an account is opened ([Figure 4](#)), and set out how operators must tailor the action they take based on these behavioural indicators.

Figure 4: “Indicators of harm” online operators are required to monitor and example constituent indicators



Source: Gambling Commission, [Remote Customer Interaction Guidance consultation](#)

14. In addition, the regulator also sets the [Remote Technical Standards](#) which outline the security and technical standards for remote gambling operations. As well as specifying how certain account level protections should function, these include specific rules for online gambling product design, aimed at making sure games operate in a socially responsible manner and do not encourage potentially harmful gambling activity. Under the Commission’s product [testing strategy](#) which was updated in February 2020, games are subject to pre-release testing for randomness and fairness and, once released, subject to annual audits by testing houses.
15. In February 2021, the Gambling Commission [announced revised standards](#) for online slot games to make them safer by design. These mirror many of the existing controls on gaming machines and tackle some of the features which exacerbate the risk of harm to gamblers; for example, increasing the intensity of play or encouraging a false perception of the game, such as feeling in control of the game outcome or believing a game is due a payout.
16. Finally, there is also a range of other universal controls to make the online gambling experience safer, largely imposed through licence conditions on gambling operators. For example, there are strong age verification measures for setting up accounts to prevent children gambling, reverse withdrawals have been banned since October 2021 (building on guidance issued in May 2020), and the use of credit cards to gamble online was banned in April 2020, which the evidence suggests has been [useful in preventing harm](#).

Evidence

17. Given the Review's focus on ensuring our gambling laws are fit for the digital age, it is unsurprising that a significant amount of evidence was submitted in response to the remote gambling questions in our call for evidence. Key evidence as it relates to our policy proposals is discussed in more detail below, but a number of overarching themes emerged across the submissions.
18. Firstly, there was significant discussion of the existing controls and the majority (including industry stakeholders) presented evidence that current protections could and should be further improved.
19. Operator responses largely put this in the context of the recent changes which have been introduced through voluntary industry codes or Gambling Commission mandated action. For instance, many discussed the significant changes to their harm detection systems since the Commission updated its [customer interaction requirements and guidance](#) in July 2019, and others mentioned measures like the ban on credit cards in April 2020. Most industry submissions pointed to recent Gambling Commission data (which has since been updated) which suggests a decline in the population problem gambling rate, as evidence that the incremental changes are having the desired effect. They therefore make the case for continued changes, but cautious ones which fully evaluate the spate of recent measures before proceeding.
20. Conversely, many outside the industry submitted evidence on the harms which individuals had suffered in spite of the existing controls, which they argued were therefore ineffective. In their view, significant new controls are needed to curb the risk of harm presented by certain features of online gambling including industry practices.
21. In particular, some of the evidence submitted by academics, treatment providers and those with personal experience of harm argued that the current data-led system of personalised monitoring and interventions to prevent harm is not (for all its theoretical promise) currently delivering on the government's objective of keeping customers safe as it is by definition reactive. A number of individuals submitted evidence including case studies which showed that signs of harm can be missed and that individuals are permitted (and occasionally encouraged) to continue gambling.
22. To support this position, many respondents cited the [Patterns of Play interim report](#). This included data on operator interactions, showing that just over 3% of online gambling accounts spent over £2,000 in a year, but only 35.5% of these were subject to any safer gambling interaction (such as an email or pop up message), and just 0.84% received a safer gambling telephone call.

Chapter 1: Online protections – players and products

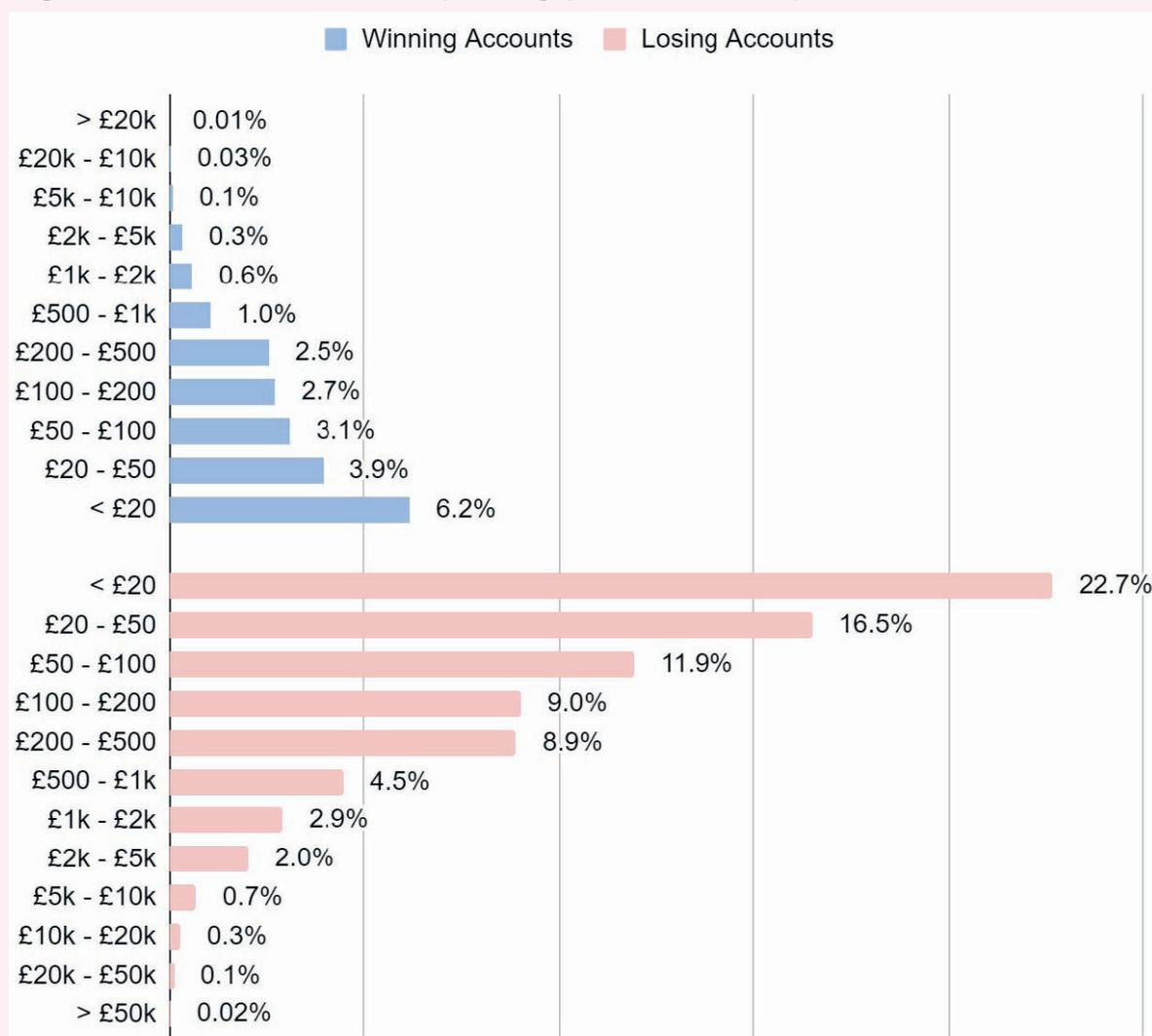
These individuals may not have been spending more than they could afford, but many respondents felt operators should have been doing more to check.

23. The account data used in this report came from 2018/19, and it does appear that operators' use of play data has improved since then, although we note that Gambling Commission enforcement activity has continued to find more recent failings. One major operator's evidence reported a threefold increase in the number of customer interactions compared to two years ago and increased positive impact from their interventions (according to their own evaluation). Many operators were confident that their current and increasingly sophisticated harm detection algorithms would have prevented 'historic cases' where harm occurred without sufficient action. Some contended the models can now even identify and prevent harm before it occurs, but this is hard to verify. Operators broadly argued in favour of these tailored controls, rather than measures which may limit the enjoyment of gambling for the majority of players who suffer no ill effects and may (if curtailed in their gambling) turn to unlicensed operators.
24. How gambling operators use the data available to them was also covered by campaign and consumer groups, with some levelling specific criticisms regarding data governance and processing. In addition to failing to identify those suffering harm, respondents identified wider practices which might be detrimental to consumers, such as the profiling of customers and the restriction of winning accounts. This was part of a broader sentiment across some respondents that consumers needed to be better empowered in their dealings with remote gambling products and companies.
25. In addition to submissions to the call for evidence, we also received [advice from the Gambling Commission](#), which emphasised the importance of measures to prevent harm throughout the remote customer journey, and committed to build on recent work to improve protections.

Box 1: Losses and harms across online gamblers

- Most online gamblers have relatively modest losses. The [Patterns of Play](#) research commissioned by GambleAware found that between July 2018 and July 2019, 21% of accounts made a net gain, 60% lost less than £200, 13% lost between £200 and £1,000, 5% lost between £1,000 and £5,000, and around 1% lost more than £5,000 (see [Figure 5](#) below). This suggests most customers do not spend above levels which would be usual in other leisure sectors, although personal circumstances on whether these losses are acceptable will vary.
- This distribution means that operator revenue is predominantly derived from a relatively small cohort of high spending customers. The range of estimates submitted to our call for evidence suggest that (ignoring accounts which net win), around a quarter of Gross Gambling Yield is derived from 1% of accounts, approximately 60% comes from the highest spending 5%, and around 75% from the top 10%, although this varies by product. Some submissions pointed out that a reliance on a high spending minority is not unusual in other sectors (such as air travel) and that higher than average spending on gambling is not in itself evidence of harm as discretionary income varies significantly across individuals.
- Nonetheless, this is a potentially concerning pattern in a sector with a known addiction risk, and where a key manifestation of that addiction is high spending. In responses to our call for evidence, estimates of the Gross Gambling Yield derived from harmful gambling varied significantly, as they have in previous evidence such as that reviewed by the knowledge exchange [GREO](#) in 2019, which found estimates range between 15% and 50%. A [recent survey of UK gamblers](#) estimated that moderate-risk and problem gamblers (collectively comprising 14.1% of the sample population) accounted for 43.5% of overall gambling spend but more for certain product types. While there are real complexities that make it difficult to pinpoint a precise figure, the weight of the evidence suggests that those being harmed by gambling are overrepresented among those with high gambling spend. Therefore, a general shift in the economic model of remote gambling away from a reliance on a high spending minority is likely desirable to achieve the government's objectives and create a more sustainable industry.

Figure 5: Distribution of total spending (wins and losses) across accounts



Source: [NatCen Patterns of Play Slide 40](#)

1.2 Account level protections

26. The obligations on remote operators to monitor account activity and intervene where individuals display signs of potential harm are a cornerstone of the current package of protections online. This has been further strengthened through the Gambling Commission’s [changes to customer interaction requirements](#) which largely came into effect in September last year. This approach allows tailored interventions to prevent harm without interrupting the experience of those showing no signs of risk. The Review considered how these protections could be strengthened further.

Understanding customers' financial circumstances

27. Understanding the context of an individual's gambling can add significantly to an assessment of whether they are likely to be suffering harm. A key external circumstance in this regard is a customer's financial situation. There has been much discussion on the role of investigation into personal financial circumstances as a tool to help identify potentially out of control and harmful gambling.
28. Online gambling is a mass market activity and losses which some people can comfortably afford have the potential to cause significant harm for others. Operators are therefore [already expected](#) to consider customers' financial circumstances to inform case by case risk assessments of whether an individual's gambling may be harmful. However, there are continuing [cases of operators failing to respond appropriately](#) to gambling spend which would be clearly unaffordable for the vast majority of the population. This has led the regulator and many others to conclude that more prescriptive requirements are needed to strengthen protections for customers and set clear expectations for companies.
29. The scale of the issues can in some ways be seen through survey data, although the picture is mixed. Combined analysis of the seven major household prevalence studies between 1999 and 2018 by Regulus Partners and Professor Ian McHale shows that 19.2% of online slots, casino and bingo gamblers responding to the PGSI questions reported that in the previous year they had 'at least some of the time' bet more than they could really afford to lose, with 4.4% saying this was the case 'most of the time' or 'almost always'. 8.9% of respondents felt that their gambling had 'at least some of the time' caused financial problems for them or their household. There have also been a number of individual case studies which show clear failures by operators to prevent unaffordable losses, including relatively recently (see [Box 2](#) below).
30. The Gambling Commission published a [consultation and call for evidence](#) on issues around customer interaction, including preventing harmful or unaffordable losses, in December 2020. It received 13,000 responses, and led to the Commission [identifying three key risks](#) which might give rise to financial harm, reflecting the variation in customers' circumstances and how problematic gambling can manifest:
 - Financial vulnerability: where customers are unable to absorb additional financial strain incurred through gambling, even at modest levels of spend.
 - Binge gambling: where customers spend significant amounts in a short space of time, perhaps very soon after opening an account.
 - Unaffordable losses sustained over time: where customers incur significant losses over a prolonged period.

Box 2: Compliance case studies and accounts of personal experience

Financial vulnerability

We received a number of anecdotal accounts from individuals with personal experience of gambling harm that illustrated the relationship between gambling harm and financial vulnerability – both as a cause and/or effect. For example, in [its advice to the Gambling Commission on this Review](#), the Commission’s Lived Experience Advisory Panel shared the following testimony: ‘I’ve never bet more than £50 and my average stake was £8.01 but still ended up in £10,000’s of debt, bankrupt and suicidal... I wouldn’t have hit triggers of £500 plus’.

Binge gambling

In a case which recently led to compliance activity by the Gambling Commission, [a customer lost £36,000 in four days](#) without appropriate financial risk assessment being carried out. This is above the disposable income the [Office for National Statistics estimates](#) was available to the median household for an entire year in 2021 (£31,400). As such, the rate and level of spending would have been unaffordable for the vast majority of UK households, and likely to indicate harm.

Sustained losses over time

In a similar compliance case study identified by the Commission, a [customer lost approximately £33,000 in three months](#) without the operator carrying out any financial risk assessment. Compliance staff subsequently examined the information held by the operator on this customer, which suggested they had an annual income of £8,500. This suggests that, had the operator assessed the customer’s financial circumstances earlier and more effectively, they could have acted to reduce the extent of financial harm suffered.

31. The Financial Conduct Authority’s [Financial Lives 2022 Survey](#) found that 24% of UK adults have low financial resilience, potentially making them unable to absorb financial shocks such as losing their main source of household income for a week. It also found that 47% of adults display one or more characteristics of vulnerability. Similarly, work by the [Social Market Foundation](#) has considered ‘Minimum Income Standards’ and the potential for gambling losses to impact personal and household living standards for some groups. [Figure 6](#) below shows YouGov data on discretionary income available for different age bands as reported in the Commission’s consultation, and can be considered alongside other data such as from the ONS. A financial risk model must help protect those vulnerable cohorts for whom even relatively modest gambling losses could be in itself harmful, for example by limiting income available for

necessities. This is particularly relevant in light of the rising cost of living which we recognise is likely to exacerbate issues around financial vulnerability.

Figure 6: Discretionary income per calendar month, across different age groups

Monthly discretionary income	All ages	18-24	25-34	35-44	45-54	55+
Nothing	9%	10%	7%	9%	11%	9%
Less than £125	25%	31%	20%	25%	26%	25%
£125 – £249	20%	21%	20%	19%	19%	21%
£250 – £499	19%	15%	23%	20%	19%	19%
£500 – £999	16%	15%	18%	16%	15%	15%
£1,000 – £1,999	9%	7%	10%	9%	8%	9%
£2,000+	2%	1%	1%	2%	3%	3%

Source: YouGov, via [Gambling Commission](#)

32. Equally, while high losses are not necessarily harmful, it holds that the higher the gambling spend (particularly in a short period of time), the smaller the proportion of the population that can afford it without negative consequences. A number of studies show higher spending is strongly associated with increased risk of or actual harm. [37% of National Gambling Treatment Service users in 2021/22](#) reported spending over £1,000 on gambling in the month before receiving treatment, and each year around [70% of callers to the National Gambling Helpline](#) mention some level of gambling debt or financial hardship. This aligns with [recent research into online gambling](#) specifically, which found 22% of regular online gamblers with annual losses over £700 were experiencing ‘problem gambling’ according to the PGSI two years later. It is clear that a financial risk model must also pay especially close attention to those who lose unusually large sums relative to both other customers and other likely outgoings.
33. An approach to customer interaction which includes consideration of financial context can allow tailored interventions for the minority who are showing signs of gambling which is likely to be unaffordable to them (suggesting loss of control or harm), while allowing those who are not gambling in ways likely to be harmful the freedom to spend their money as they wish. There has been widespread support for this principle, including from the House of Lords Select Committee, the Social Market Foundation, Parliamentary groups, those with personal experience of harm and the gambling industry, although all have differing interpretations on how the principle should be applied in practice. As

explored in the Commission's [advice to this Review](#), different checks are likely to be necessary to address the different risks, and requiring the appropriate checks at appropriate thresholds is key to ensuring the system is effective.

Our conclusions

34. Operators are already required to identify customers at risk of harm and take action accordingly. Considering a customer's losses in the context of their financial circumstances can be an important part of this. While many operators have already introduced systems, interventions often come too late or not at all, and the measures are inconsistently applied across the sector.
35. **To further raise standards, a more prescriptive and risk-based model will be introduced, where remote operators are required to investigate the customer's financial circumstances in response to certain loss triggers to understand if their gambling is likely to be harmful to them. Given that most gamblers are not spending more than they can afford or otherwise experiencing harm, we are mindful that these checks need to be proportionate. As such, our position is that they should only impact a minority of engaged customers, and involve unintrusive checks at moderate levels of spend to help identify particularly financially vulnerable consumers, and more comprehensive although still frictionless assessments for those spending more heavily.**
36. **The Gambling Commission will launch a consultation on the proposals for financial risk checks outlined in [Box 3](#) below, with the aim of introducing changes in the licence conditions and codes of practice. The consultation will also consider how operators should respond to any findings from these checks in concert with their wider assessments of customer risk. Neither the government nor the Gambling Commission will set universal rules on what proportion of a customer's income they should be permitted to gamble, but the intention is that these checks should be used to detect and prevent harm alongside all the existing obligations to consider a range of indicators of harm.**
37. The Gambling Commission has been working with the Information Commissioner's Office, financial services sector and others to develop the necessary framework to facilitate the sharing of credit reference agency data to enable checks which are frictionless from the customer's perspective, and to enable a consultation to take place. We expect the checks' development to involve advice from the Information Commissioner's Office, the Gambling Commission's public consultation, and a period of testing by credit reference agencies and operators, with live data only going to gambling firms once the necessary licence conditions including data safeguards are in place.

38. We recognise these proposals have significant implications for collection and handling of sensitive consumer data, raising important questions around privacy, data protection, proportionality, data accuracy, and reciprocal data sharing. The Commission's requirements will specify that these checks should only be undertaken at the appropriate time and for legitimate purposes like harm prevention rather than to inform marketing tactics or disadvantage successful customers. We will also make sure consumers' financial lives are not impacted through these checks, with credit scores being unaffected and potentially adverse consequences of reciprocal data sharing avoided. The Data Protection and Digital Information (No.2) Bill, currently before Parliament, includes some important clarifications to the rules around lawful processing and the circumstances in which personal data collected for one purpose can be used for other purposes, which should make the law clearer in this area.
39. While a wide array of evidence submitted to the Commission and this Review has shaped our proposals, three key information points have been important in helping to make sure our proposals are proportionate and properly address the identified risks. These include: (1) the amounts customers currently spend on gambling; (2) population level information about discretionary income (to assess how much money people have available to spend on gambling without being harmed); and (3) problem gambling rates and other information about harms. Our intention is that the thresholds and checks based on these considerations will be standard across the online sector and allow for financial risks to be monitored alongside the existing obligations on all operators to prevent harm through considering a range of indicators.
40. Some operators have argued that financial risk checks based on self certification (where customers declare their financial circumstances) could be sufficient for the new more prescriptive framework, or at least serve until frictionless checks are developed. While self certification can have a role in customer interaction (not least in encouraging customers to reflect on their spending at appropriate moments), it is unlikely to be an adequate basis for a thorough and accurate risk assessment, especially as those being harmed by gambling might be less willing to provide transparent or externally verifiable information. In our view, the more objective and accurate process outlined below is a more robust basis for assessment.
41. It is for the Gambling Commission to decide whether existing licence conditions and codes of practice are being met by operators, and the inclusion of proposals in this white paper does not in itself create new obligations. The specific thresholds and proposals below are based on the premise that frictionless checks will facilitate operators gathering the necessary information without disruption to the customer experience, for instance through needing to ask for payslips or bank statements as some operators do now. New requirements will not come into force until such a time as they are ready.

Box 3: Summary of proposed financial risk check model to be consulted on by the Gambling Commission

i) Financial vulnerability

- At a moderate loss threshold (we propose either £125 net loss within a rolling month or £500 net loss within a rolling year), operators should conduct a financial vulnerability check, considering the types of open source indicators which many already routinely assess such as County Court Judgements, average postcode affluence, and declared bankruptcies. These checks should take seconds to process and would be frictionless for the consumer. We estimate only around 20% of accounts in a calendar year will trigger this check as most never lose this much gambling. Net loss means the loss of deposited money with a particular operator, and does not include the loss of restaked winnings from that operator.
- If the check raises concerns and no robust evidence to the contrary can be provided, operators will need to respond accordingly. A range of actions may be appropriate, depending on the risks identified and the customer's broader risk profile, and this will be considered further in the Gambling Commission's forthcoming consultation.

ii) Binge gambling

- In line with the [Commission's advice](#), we propose that any account with net losses exceeding £1,000 in a rolling 24 hour period should be subject to an enhanced spending check which provides much greater insight into a customer's financial situation by accessing more personalised data to consider factors like discretionary income. Such rapid losses are highly unusual and exceed the discretionary income nearly all people likely have available for a day's activity, so are therefore highly indicative of risk.
- The Commission is currently working with the financial services sector to explore how more detailed checks could work in practice, and the expectation is that the majority would involve credit reference agencies and would not interrupt the customer journey unless the check raises concerns. We would expect the credit reference agency would be able to provide an overview of pertinent information for the individual customer, for instance an estimate of overall disposable income, rather than providing all the raw data to gambling firms. Where this is not possible, information may need to be collected directly from the customer, although there may be scope for streamlining this process using open banking (subject to safeguards to be explored through the Commission's consultation). As now, this data will be used to inform an assessment of whether a customer's level of spend is likely to be harmful to them. Again, a range of operator responses may be appropriate depending

on findings and the wider risk profile, including applying limits to an account or ending the customer relationship completely where there are serious concerns. The details of the expectations on operators will be explored through the Commission's forthcoming consultation.

iii) Sustained heavy losses over time

- Unusually high losses over a period of weeks or months are also sufficiently indicative of risk to be worthy of thorough investigation. In line with their [advice to this Review](#), the Commission will consult on a proposed threshold of £2,000 net loss within a rolling 90 day period to trigger the enhanced checks outlined in [section ii](#) above.
- Alongside assessing the risk of harm, these financial circumstances checks give an opportunity to fulfil operators' wider 'know your customer' obligations, for instance by considering customers' source of wealth and whether that presents any additional risks, for instance if it may be linked to money laundering or other crime.
- We additionally propose that Personal Management Licence (PML) holders should be more clearly accountable for ensuring that these checks are completed at the right time for all customers and that appropriate action is taken based on the findings. This is in line with the Commission's efforts to increase PML holder responsibility for the businesses as a whole, and will be explored further by the Commission through consultation.

iv) Young adults

- A case was made through submissions to our call for evidence and in the Commission's advice that those who are legally old enough to gamble but still relatively young (for instance those aged 18 to 24) may be at particular risk of gambling-related harm – explored more fully in [section 5.4](#) below. The reasons for this include lower impulsivity control and other common life stage factors such as moving away from parents or managing money for the first time. Data included in the Gambling Commission's [remote customer interaction consultation](#) shows that those aged 18 to 24 have the lowest average discretionary income of any adult age band, and according to [Patterns of Play](#) they also have the lowest average gambling spend.
- Given these factors and the particular risks associated with remote gambling outlined at the start of this chapter, we think there is a clear case for extra vigilance on the part of operators when a customer aged 18 to 24 spends an unusually large sum gambling online. We believe halving the investigation thresholds in parts ii and iii above (i.e. to £500 net loss in 24 hours and £1,000 in 90 days for enhanced checks) is likely to be justified, and the Commission will explore this further through its forthcoming consultation.

Expected impact

42. The precise impact of these changes will depend on the details which the Gambling Commission will consult on shortly, including how operators are required to conduct the checks and how they respond to certain findings on customers' financial circumstances. Based on [data requested from industry by the Gambling Commission](#), under the proposed thresholds outlined above, we would expect around 20% of accounts to be subject to a financial vulnerability assessment, and around 3% of all accounts to be subject to an enhanced check in the first year the new measures are in place (this is explored further in the [Annex A](#) accompanying this white paper). We expect fewer accounts will trigger checks in subsequent years as some consumers will have already satisfactorily passed a check, but this will depend on the Commission's consultation and the extent to which any future requirements include provisions for reassessing financial circumstances. The impact will vary for different operators by the makeup of their player base.
43. Industry and racing stakeholders have raised particular concerns that should checks require documents such as payslips or bank statements to be provided to operators, then most people would refuse and instead gamble elsewhere, including with unlicensed operators. Industry estimates based on previous trials are that between 70% and 90% of customers would not comply with requests for such documents to be shared. Their concern is that not only are those being harmed by gambling unlikely to be helped by such a measure, but also that many of those who were not being harmed would nonetheless be driven away from licensed operators.
44. We recognise this risk, the chilling effect which asking customers for bank documents can have, and that implementing a financial risk-based approach will come with costs to operators. However, we think the impacts are likely to be mitigated by the proposals outlined above which mean no financial risk checks would be required for around three quarters of accounts, most of the checks will be frictionless with little interruption to the customer journey (for instance with credit reference or open banking data replacing the need for documents), and the provision of documents by the customer will be only a last resort for the highest spending minority. Further, it is our view that much of the foregone revenue is likely to be that which was coming from financially vulnerable customers or those who were gambling at significantly unaffordable levels, although this is hard to quantify.
45. Likely impacts are explored in more detail in [Annex A](#) of this white paper, and the Commission will give further consideration to impacts, including the potential for any unintended consequences, through its detailed consultation. The current proposals apply only to the remote sector, but in due course we

want to explore the use of frictionless financial risk checks where appropriate in land-based settings to benefit operators and help protect customers.

Data sharing on high risk customers

46. While it is vital that individual operators have effective procedures to protect their customers from harm, online gamblers [on average hold 3 gambling accounts and use 1.5 on a monthly basis](#). Further, almost a fifth of 18 to 34 year old online gamblers hold five or more accounts.
47. Customers' ability to swap to another account risks undermining the effectiveness of an individual operator's safeguarding interventions. For example, a person showing signs or disclosing that their gambling is out of control could have their account closed by one operator doing the right thing to prevent harm, but within minutes they could have a new account with a different operator and a 'blank slate'. All stakeholders recognise the potential for a so-called Single Customer View ('SCV') to tackle this risk. However, there were an array of proposals for how this should be implemented.

Box 4: compliance case study

- Gambling Commission casework provides [an illustrative example](#) of how a SCV solution could enable more effective harm prevention. In a microcosm of the current system, one licensee allowed a customer to create 14 different accounts across the various domains operated under its licence before being detected. This customer lost £209,000 across these accounts without any safer gambling checks taking place.
- Individual licensees are required to have effective oversight over all the brands operating under their licences, but there is currently nothing to prevent a similar outcome for customers with accounts across multiple licensees.

48. While supportive in principle, industry initially had concerns regarding potential data protection and privacy implications. We are pleased progress has been made on these after the [Information Commissioner's Office confirmed](#) that, subject to certain controls, operators can share customer data for harm prevention purposes in compliance with existing data protection requirements. Following the ICO's report, the government and the Gambling Commission challenged industry to start trialling solutions as a matter of urgency.
49. An industry-led trial with GAMSTOP as the delivery partner is now proceeding, having been supported by the ICO's [sandbox process](#), and focusing on high risk customers. The live trial which started this month is based on operators

sharing information on individuals who have had their accounts closed because of disclosures about suffering serious harm. As part of the trial, codes of practice are being developed to ensure operators respond appropriately when they are notified of customers in this situation. Following evaluation later this year, the intention is to expand the system to consider customers who are showing other indicators of harm with one operator which might necessitate coordinated action with other operators.

50. Conversely, a number of think tanks and campaigners have proposed far more expansive SCV solutions, involving the pooling of every customer's online and potentially offline play data for analysis by an independent public body which flags concerns and directs operator interventions. Given the privacy implications for the majority who gamble with no ill effect, we do not think the creation of such a system including a national database of all gamblers (even if anonymised) is justified at this time.

Our conclusions

51. Work to commence real-world trials of a SCV solution has been progressing alongside this Review through the ICO's sandbox process and the sharing of real high-risk player data has now started. **The government and Commission will review the outcomes of these trials, including whether the right individuals were caught by the system, whether the criteria above identifies enough gamblers at risk of harm, whether operators respond appropriately when information is shared, and whether an effective technical solution has been developed. If necessary, we will mandate a different or more comprehensive approach to ensure the system meets our objectives in a proportionate and safe way. Once we are satisfied, the Commission will consult on any outstanding details and on requiring all remote operators to integrate with the system.** The intention is for this to be done through the Gambling Commission updating the licence conditions and codes of practice on all remote operators, but if necessary we would consider legislation.
52. The new requirements will include provisions to ensure any consumer data is effectively protected and only used for the purposes of harm prevention. We are clear it must never be deployed to further commercial objectives such as through marketing, customer segmentation or identifying winners.

Expected impact

53. The precise impact of data sharing depends on the nature of the system introduced following the trials, but it is intended to benefit a minority of online gamblers at particular risk of harm. People experiencing problem gambling are more likely to [use multiple online accounts](#) and [circumvent account restrictions](#)

by moving to another operator, so we expect any enhanced protections to have particular relevance for limiting the harm suffered by this group. There will also be implementation costs for the industry.

Verification protocols

54. Given the risk of harm associated with gambling (especially to children) and the sensitivity of data held on online gambling accounts, it is important that those who are accessing accounts and the facility to gamble are verified as the account holder.
55. In April 2019, the Commission strengthened the rules, requiring online operators to verify a customer's age and identity before allowing them to deposit funds, play free-to-play games or gamble with their own or bonus funds. These new rules have effectively prevented illegal underage gambling online using a child's own details or invented identities. [Gambling Commission research](#) shows online gambling is experienced by fewer 11 to 16 year olds than other forms of gambling. However, [5% of 11 to 16 year olds](#) reported using parents' and/or guardians' accounts to play on gambling websites or place bets online with their permission, which can be difficult to prevent from a regulatory perspective.
56. We see great potential in the provision of digital identity technologies to drive further progress in this area and for a range of other age restricted products. The government is working to [establish a common baseline standard](#) that assures trustworthy and consistent identity checks and attributes sharing and enables interoperability of digital identity technologies. The Gambling Commission will continue to monitor that market and consider where and when it could be leveraged to further the government's objectives for the gambling sector, including the prevention of underage gambling. In the meantime, there are other controls which can be explored.
57. Specifically, there are currently no provisions to verify that payment information used by online gamblers matches the account holder's identity. This gives rise to at least two distinct issues, each presenting risks:
 - Individuals may open an account in another person's name and gamble with their own funds; and
 - Individuals may use another person's payment information on their own account
58. The first leaves open the possibility for individuals to continue gambling when their legitimate account has been restricted, either by the gambler themselves (for instance because of self-exclusion or pre-commitment tools), or by the operator (for instance because of commercial or safer gambling risks).

Where restrictions are to safeguard against harm, any circumvention by the customer may exacerbate the risk.

59. Equally, allowing gamblers to use another person's funds (such as friends, family members, businesses or potential victims of theft) comes with clear risks as operators cannot easily ascertain whether the funds are being used with or without permission. There may also be regulatory risks in several critical areas, including financial risk assessments, anti-money laundering compliance, and the prevention of illegal underage gambling. We recognise that identity theft or stealing funds is a criminal matter, and the evidence we received, including from a police organisation, demonstrated the significant harm this can and does inflict on both the gambler and affected others. Safeguarding against this risk through regulatory change will benefit both parties and reduce the burden on public services.
60. These risks have been recognised by the regulator for some time. As part of its wider 2019 consultation on [age and identity verification](#) procedures online, the Gambling Commission proposed requiring online operators to verify that payment information matches an account holder's identity. Despite support among consumers and some licensees, the proposal was not technically feasible at the time, since online retailers could not access verified cardholder details when processing a payment.
61. However, [the Commission's response](#) noted that new payment regulations were expected and might bring improved verification capabilities for merchants processing payments. The Commission committed to reviewing this issue, once the second Payment Services Directive (PSD2)/Payment Services Regulations had taken effect and merchants were compliant with Strong Customer Authentication (SCA). SCA has now come fully into force, so card-based e-commerce transactions that are non-compliant should now be declined.

Our conclusions

62. **With new payment regulations now in force, the Commission can reassess this issue and determine whether new requirements for licensees might be justified to address the risks identified above.** Given the variety and technical complexity of the payments sector, the Commission will work with relevant organisations to help understand the issue and assess whether any new requirements are appropriate. The Commission will consult before introducing any new controls it considers may be justified.
63. **Additionally, we recognise the broader risks posed by individuals seeking to gamble online using another person's details, and that this could undermine harm detection, self-exclusion and legal age**

restrictions. All operators should continually explore how they can further mitigate these risks through new technologies or procedures. For instance, we welcome the steps taken by some operators to introduce enhanced security measures, such as multi-factor authentication.

Expected Impact

64. While we cannot preempt the outcomes of the Gambling Commission’s review, strengthening the verification procedures for gambling accounts (for instance by matching payment information) should bring benefits for all parties. This would reduce the opportunity for those experiencing gambling problems to exacerbate harm by avoiding safer gambling controls and limit the scope for potential harm to affected others. For operators, clearer obligations and greater confidence in the identity of the account user will support more effective prevention of harm, while closing off compliance risks around the prevention of illegal underage gambling and anti-money laundering due diligence. Any future Gambling Commission consultation will consider the risk of unintended consequences.

1.3 Safer by design

65. While we are confident that the data-driven system of account level protections has been improved and can be improved further, we also note that it is primarily reactive; interventions are largely only triggered when at least some signs of potentially concerning gambling behaviour have been detected. We therefore see merit in reducing the reliance on account-based harm reduction systems through universal measures to make the online gambling environment safer for all participants, with a particular focus on the products themselves and how they are designed.

Safer products

66. In October 2021, the Gambling Commission introduced [new rules specifically for online slot games](#) to limit certain features associated with increased risk of harmful play. For example, the rules limited slot play speed to 2.5 seconds per spin, banned losses disguised as wins, and prohibited features which increase the intensity of play or give an illusion of control such as ‘slam stops’, ‘turbo modes’, and functionality which allows auto-play or enables concurrent play on multiple slot games. Slots must also display the money and time spent during a session.
67. Early evidence suggests these controls are having a positive impact on consumer behaviour. The Gambling Commission will publish an assessment of the key impacts on consumer behaviour in spring 2023. In the meantime, the Betting and Gaming Council (BGC) has provided us with an informal

evaluation of some of the measures which were [voluntarily adopted by most operators in September 2020](#). Following the new rules, BGC found average spin intervals increased by 12% (from 6.3 seconds per spin to 7.1 seconds), while the number of spins faster than 3 seconds fell by 92%. The average amount staked per player per day fell by 20% while the average total loss per player per day fell by 35%, from 51p to 33p. There were also notable reductions in the average session length, spins per session, and proportion of sessions lasting over 1 hour. These reported indicators cannot be used to directly infer reductions in harm, but they do suggest a moderation in play brought about by the changes.

68. There are currently no comparably specific controls on other online products. This disparity is unlikely to be commensurate with the risk which other products, particularly some casino games, pose to consumers. For example, online roulette shares some structural similarities with online slots in being a random number generator casino game which allows for relatively rapid, intense and repetitive play. Of particular concern, we have heard that some operators offer 'fast roulette' with very rapid spin speeds (comparable to slots) which increases the frequency of betting and therefore the intensity of the gambling experience.
69. Most respondents to the call for evidence discussed product controls in the context of limits on structural characteristics, for example limits on stake and speed of play. Some industry respondents viewed these as poorly targeted as they would apply to all consumers, including those not experiencing harm, so advocated for a greater emphasis on protections targeted towards individual accounts showing signs of risk. However, as one think tank pointed out, reasonable minimum standards are in fact a targeted intervention as they prevent designedly harmful or risky play, but do not impact how most people actually use online products.
70. Some stakeholders proposed an expanded pre-release product testing regime where each new game would be tested to appraise its potential to cause harm. However, we are not convinced that existing theoretical models for measuring a product's riskiness are sufficiently granular to provide meaningful insights and comparisons across the variety of products available online, and this approach risks giving false confidence to the public that only 'safe' gambling games are permitted. We also need to consider the regulatory costs associated with individual testing of every product against potentially dozens of parameters. One major operator reportedly introduced over 6,000 new games in a 6 year period, and there are over 20,000 existing products.

Our conclusions

71. **Following the Gambling Commission’s work on online slots, we think other products should also be considered with a view towards establishing a coherent system of safer product design standards.** As most features associated with an increased risk of harmful play are consistent across multiple products, these standards should be agnostic towards game type where possible, but carve-outs or bespoke provisions may occasionally be necessary. This will avoid duplicating the earlier work on online slot design, reduce unnecessary complexity in our regulatory framework and retain flexibility for future product innovations while also efficiently curtailing harmful game design innovations.
72. **The Gambling Commission will therefore build on its work on online slot design rules and consider the wider design codes for other online products. For example, the Commission will consider limits on speed of play to reduce immersiveness and rapid losses, intensifying features such as simultaneous play of multiple games could be removed, and real time information on session losses and time played could be mandated. The Commission will now develop the details and consult on specific updates to the remote technical standards.** This work will be particularly informed by the Commission’s planned [assessment of the changes made to online slots](#). Longer-term, Gambling Commission changes to the prevalence and participation methodology will provide a more detailed assessment of problem gambling trends across the online slot player cohort to support evaluation.

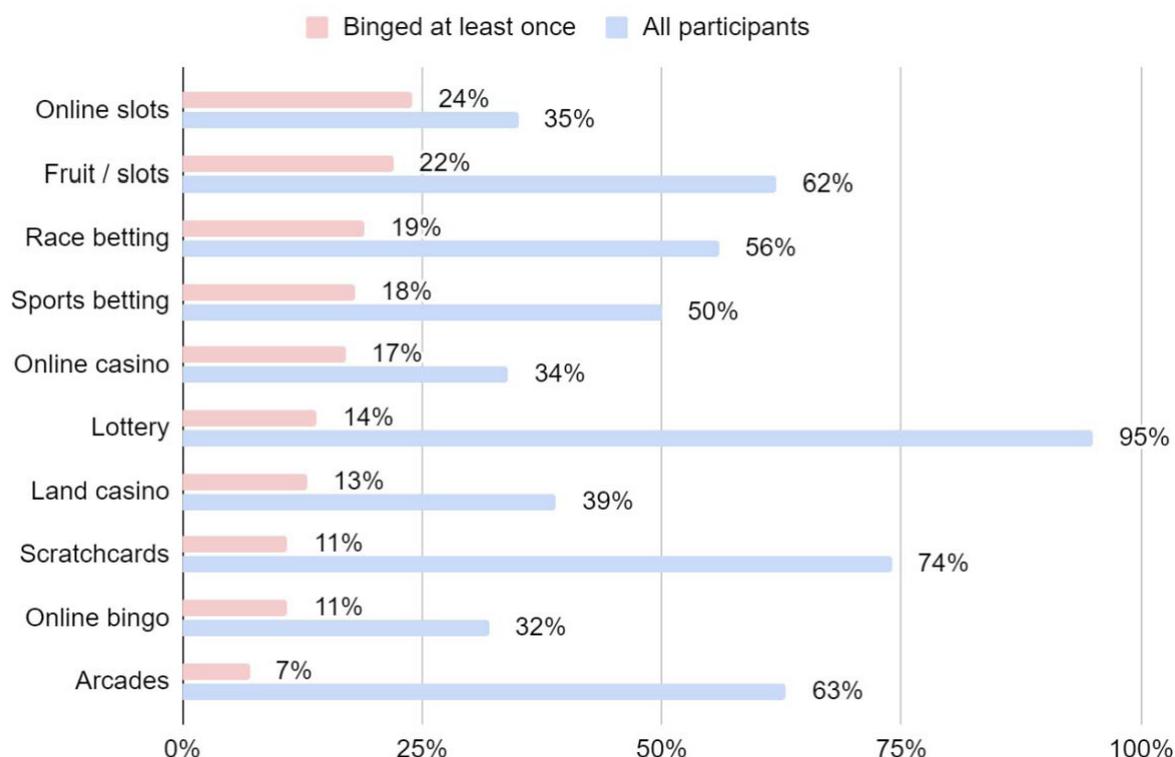
Expected impact

73. No product can ever be completely ‘safe’ as all gambling carries an element of risk. However, the new rules will strive to make games intrinsically safer across the sector, while leaving space for operators to continue innovating and developing games which customers want to play. The Commission will of course continue to monitor the impact of changes post-implementation, and could make further updates if needed.
74. We expect these changes will come with costs to the sector. Firstly, there will be development costs associated with the removal of certain features or the complete removal of games which cannot be made to comply with any new standards. Slower and less intense games are also likely to generate less revenue than the current games (subject to the precise rule change), but in our view they will make the gambling product offer more sustainable rather than relying on potentially harmful practices to keep customers engaged. The Commission will give further consideration to impact through its consultation.

Stake limits

75. In addition to the structural characteristics discussed above, stake size can be a key determinant of losses and gambling-related harm. There are currently no statutory limits on the amount people can stake on any online products. This is in contrast to the land-based sector, where electronic gaming machines (offering games which are otherwise similar to some online gaming products) are subject to stake and prize limits set out in legislation. There are no statutory stake limits on other forms of in-person gambling such as casino table games or over the counter betting.
76. As outlined above, the Commission will review the existing disparities in product controls between slots and non-slot products. However, a case has been made that the unlimited stakes on online slots play are particularly problematic due to the nature of slots play and its increasing popularity as seen in the [monthly operator data collected by the Gambling Commission](#) since the start of the COVID-19 pandemic.
77. More than any other online product type, slots are associated with extreme gambling activity, and even with the Commission's new design rules they have a number of the structural characteristics associated with harm. Online slots are associated with the highest average losses per active customer of any online product and the GGY derived from slots is concentrated in a minority of very heavy spenders, with 1% of accounts providing [over 40% of slots GGY](#). [Over 70% of gaming sessions](#) on a single product type that lasted over 3 hours were on slots, and slots had the highest proportion of players [\(5.5%\) who ever played for longer than three hours](#). Additionally, the Commission's research into [why consumers gamble](#) found that of the 14% of past month gamblers who reported binge gambling, 24% had done so on online slots – more than any other gambling activity, including online casino games ([Figure 7](#) below).

Figure 7: Rates of engagement and binge behaviour among gamblers who reported binge gambling

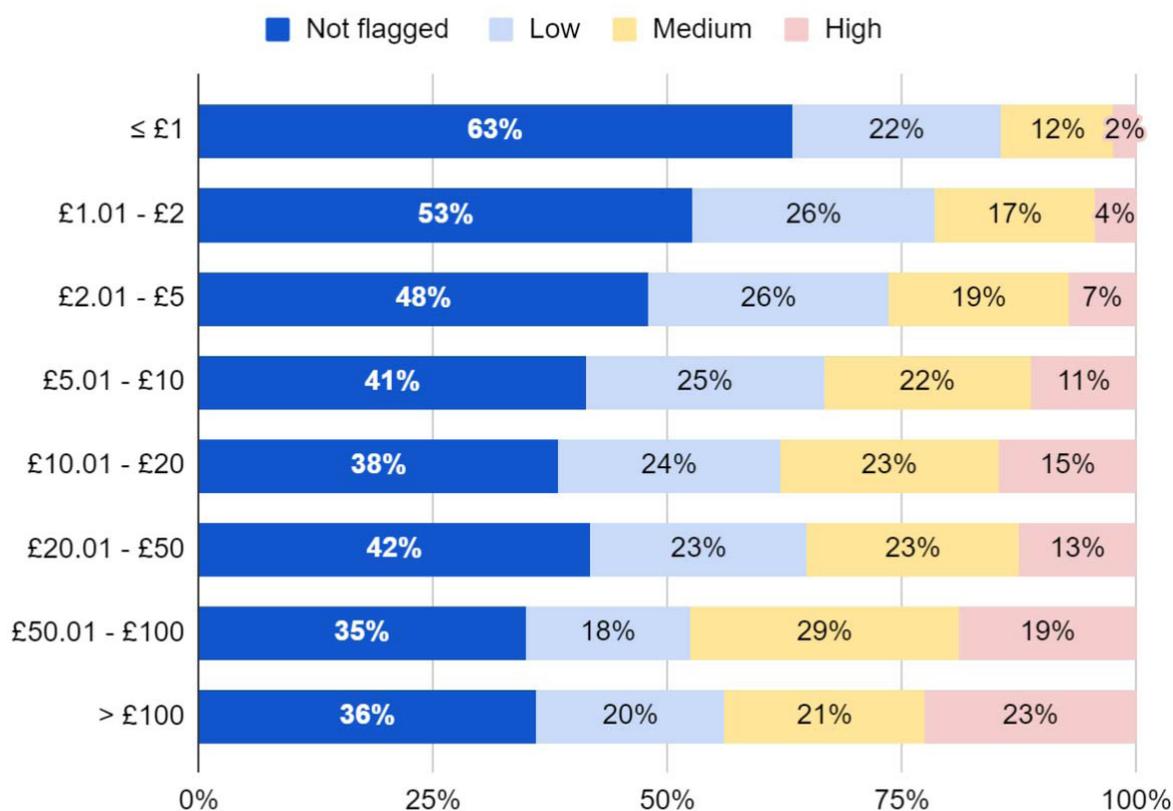


Source: [Gambling Commission](#) (Part 2 – Hot States and Binge Gambling)

78. There is also more direct evidence of an association between online slots and harm. Of all land-based and online gambling activities, online slots were the most commonly used product by [National Gambling Treatment Service patients](#) in 2021/22; 38.1% had engaged in online slots compared to 11.7% for remote casino games and 16.7% for gaming machines in bookmakers.
79. Given this evidence of particular risk, there was significant discussion in responses to our call for evidence on the case for a stake limit on online slots. Industry responses were mixed, and many challenged the link between stake levels and harm. One operator pointed out that 41% of its customers that were flagged by its algorithm as at higher risk of suffering harm had an average slots stake of less than £0.25. Where industry respondents recognised that stake limits could help reduce harm, some argued these should be a tailored intervention, based on an individual's circumstances, while others reported having already implemented universal limits.
80. Among respondents outside of industry, there was a broad consensus that stake limits on slots are needed. Many proposed a fixed limit of £2 to align with the maximum stake for B2 and B3 machines. However, some identified B1 machines in casinos (£5 stake limit) as a more relevant comparison to

online slots. While slots were the primary concern, some campaign groups, treatment providers and experts by experience felt limits were needed more broadly. This mainly extended to random number-generated casino games, but a few submissions argued that betting should also be included.

81. To support our consideration of this issue, the Gambling Commission issued a [data request to industry in April 2021](#) to understand real world play with online slots. It found that the vast majority of slots stakes are low value, with more than 87% of slots stakes up to £1, 96% up to £2 and 99% up to £5. Equally, high-value stakes are very rare, with stakes in excess of £10, £20 and £50, respectively comprising 0.3%, 0.1% and 0.01% of all stakes placed. However, some operators pointed out that while the spins at higher levels are relatively uncommon, individual players often vary their stakes. One operator said that at least once a year 11% of its slots players choose to stake £10 or more on a single spin and 6% stake over £20. Since the call for evidence closed, we have also been told that 35% of customers stake more than £2 at least once a year.
82. The April 2021 data request particularly sought to understand the association between staking behaviour and harm (measured through operator assigned risk score as the best available proxy – see [Figure 8](#) below). Across all risk groups, the majority of staking takes place at low values: of all stakes by high and medium risk accounts 87% and 93% respectively were below £2. Nonetheless, accounts flagged as high and medium risk account for a greater proportion of stakes in higher value staking bands. For example, high and medium risk accounts placed 37.4% of stakes over £10, which given only 2.4% of players were flagged as medium or high risk highlights their overrepresentation among high stakers.
83. However, this overrepresentation is not necessarily evidence of high stakes causing harm. Account risk scores are determined by activities across products, not just online slots. Additionally, a large number of people being flagged as exhibiting risk is not necessarily a bad thing, as it may demonstrate the operators' proactivity in identifying and investigating signs of risk and potentially intervening. Finally, the operators considered in this data request all have different approaches to ascribing risk scores, so findings will vary by operator. Operators which heavily weight their risk score by stake size were deliberately excluded from the analysis to avoid giving a false impression of a positive linear correlation.

Figure 8: % of spins by stake size and operator assessed harm detection score

Source: [Gambling Commission Data request April 2021](#)

Our conclusions

84. While the evidence of a clear causative relationship is limited, there is sufficient evidence of an association between higher staking on slots and identified risks of harm to justify action on a precautionary basis as part of the wider package of protections. The Gambling Commission also advises the government pursue a stake limit for online slots products.
85. We saw evidence that some online slot games currently permit stakes up to £500 per 2.5 second game cycle, which is many orders of magnitude greater than any electronic gaming product in the land-based sector. While online slot stakes at this level are rare, we consider that the opportunity to lose up to £500 every 2.5 seconds (notwithstanding the potential returns to the player on each wager) poses an unreasonably high risk of harm, while also limiting the time window for player self reflection or operator action to intervene before potentially lasting financial harm occurs. When stakes up to £100 were permitted on B2 gaming machines, [research showed that](#) problem gamblers were disproportionately placing higher stakes and used the maximum stake more frequently. The maximum stake was also linked to [heavier losses and longer sessions](#).

86. We have considered the potential for a ‘tiered’ or ‘smart’ limit on stakes, which would take full advantage of the account-based nature of online gambling so that limits could be adjusted based on each individual’s risk profile. However, this would rely on robust and reliable ways of identifying those who are and are not at risk of harm from accessing higher stakes. Given wider forthcoming changes to the account-based protections considered above, we do not consider that such customer segmentation is yet a sufficiently established safeguard to control access to higher stakes. Further, a tiered system of stake limits would require primary legislation to implement effectively. Given the importance of quick and precautionary action in this area, we are instead minded to pursue changes which government can progress more quickly.
87. **We will therefore introduce a stake limit for online slots games which will be fixed for all customers. The stake limits already applied to electronic gaming machines in the land-based sector could be a sensible starting point. However, taking an equitable approach to product regulation should take account of the wider system of protections in place online. For instance, the opportunity for data-driven monitoring of online play may justify a higher limit for online products than in relatively anonymous land-based settings. We will therefore consult in summer 2023 on a stake limit for online slots of between £2 and £15. In addition, we recognise that young adults may be particularly susceptible to gambling harm – see [section 5.4](#). On that basis, we will also consult on a preferred £2 limit for those aged 18 to 24.**
88. In our view, the evidence does not currently support stake limits on non-slot gaming or betting products. Aside from the evidence that these products present a lower risk to consumers, it was also apparent that stake limits may be less effective in preventing harm than controls on other structural characteristics (being addressed through the measures [outlined above](#)). For instance, nearly all iterations of other products have less frequent staking opportunities than the average spin speed of 7 seconds for online slots (the [average for online roulette is 21 seconds](#)). Furthermore, stake size can have a more direct functional role in non-slot gameplay compared to slots, for instance in roulette where a higher stakes bet can be divided between different areas, modifying the rate of return to the player and the risk of losses. It is also estimated that stake limits would have a very significant impact on the viability of non-slot products. The [Social Market Foundation reported](#) that research by Morgan Stanley estimated that a flat £2 stake limit for all non-slot casino products would reduce GGY from those products in the licensed sector by 92%. Such a scenario would suggest an unacceptably high risk of diversion to the unlicensed sector.

Expected impact

89. The impact of a stake limit on online slots will vary depending on the precise controls introduced. Morgan Stanley and [NERA Economic Consulting](#) have respectively estimated a £2 fixed limit on online slots would reduce online slot GGY by 22% and 23%, but some of this could be displaced to other online gaming products. Consumers may also adjust their staking behaviour following the changes, for example by increasing the volume of lower value stakes. We have conducted our own estimate, and project that a universal limit set at £8.50 (as the midpoint in our consultation) would reduce online slots GGY by between £135 million and £185 million. Further detail is at [Annex A](#), and a full impact assessment will be published alongside our future detailed consultation.

1.4 Empowered consumers

90. In line with the government's work across a number of other sectors, gamblers should be informed consumers who are supported to make considered purchasing decisions, and then empowered to manage their own spending through player-centric controls.

Player-centric tools

91. As outlined in [section 1.1](#) above, online gamblers already have access to a range of tools to help them control their time and money spent gambling and there are rules governing their use (for instance deposit limit increases must take at least 24 hours to come into effect). However, uptake of such tools is low. While estimates vary, data from the Gambling Commission suggests financial limits are only used by [11% of online gamblers](#) (although some evidence submitted to us suggests uptake is higher among higher spenders), and only a small minority make use of other limits like time outs (5%) or reality checks (6%). In the year studied in [Patterns of Play](#), 21.5% of accounts set deposit limits, and far fewer used other tools.
92. However, there is a growing body of evidence that these tools can effectively empower consumers. For instance, an [academic study](#) found most who used deposit limits (72.8%) were satisfied with the tool and usually used them as a way to exercise control over their behaviour and limit spending. One operator-led submission to our call for evidence suggested that 25% of people reduced their gambling expenditure after setting a deposit limit, compared to 6% who increased their gambling.
93. Most stakeholders supported improving the effectiveness of pre-commitment tools, increasing their uptake, and potentially developing an increased range of tools to serve diverse needs. However, a number of treatment providers,

charities and individuals with personal experience emphasised in their evidence that there are limits to the role that measures reliant on personal responsibility can play in tackling harm for those suffering from a gambling addiction. They argued such tools can put too much responsibility on the individual gambler and are therefore unlikely to be effective for those in the grips of an addiction, and may even backfire in increasing the guilt of those participating in harmful gambling.

94. We received some evidence on how tools could be improved for those that use them. For example, financial limits are the most widely used tool but can be set at levels which are clearly far beyond the means of most gamblers and therefore unlikely to mitigate harm. The *Patterns of Play* research found that [more than a third](#) of deposit limits are set in excess of £50,000 monthly spend, while more recent evidence submitted by industry stakeholders shows that even if current patterns are less extreme, a significant proportion of limits continue to be set at levels which are unlikely to materially protect against financial harm. The [Behavioural Insights Team](#) has also conducted significant research in this area, and their findings suggest that design improvements could make it easier for consumers to set limits more appropriate to their circumstances. For instance, when the default options in drop down menus on deposit limit tools were lowered from denominations in the thousands of pounds to denominations up to £250 (alongside a free text box to set higher limits), the average limit set by consumers [fell by 45%](#). Similarly, when presented with a free text box which encouraged reflection, the average deposit limit set by customers fell by 46%. Platform design has also been identified as a relevant factor and a [recent audit of popular online operators](#) found promotional offers were sometimes advertised alongside the gambling management webpage. This could be an inappropriate distraction at a time when customers are trying to reflect on appropriate controls on their gambling.
95. A further theme in submissions was that these tools are only effective if people use them, and uptake should be improved. Research was shared with us that found 69% of those who suffered financial harm from gambling had not set a limit, despite having some idea of the amount they were willing to lose. Relatedly, studies have shown a relatively small proportion of players access activity statements (which summarise a customer's recent gambling activity, including spend). A [study of Norwegian gamblers](#) found 34% accessed an activity statement when notified it was available, while [another study](#) found as few as 10% of Australian gamblers had done so (although they are not consistently available on Australian gambling platforms). Academic evidence has shown that [online gamblers can struggle to keep an accurate track of their spend](#), suggesting many could benefit from objective activity statements and previously set financial limits rather than purely internal budgeting during and between sessions. This has been supported by [research by the Australian government](#) Behavioural Economics team which found proactive sharing of

activity statements, presented in a user-friendly format, could help customers spend less. Gambling operators in Australia must now provide such activity statements to customers on a monthly basis and there is [guidance](#) setting out how information should be presented.

96. Call for evidence respondents provided a number of proposals for how the uptake of these tools could be increased in Great Britain. A number cited a report by [Revealing Reality](#) which provided insights for how the use of safer gambling controls can be normalised as a preventative measure, using the analogy of a seatbelt to show the benefits this could bring. Similarly to seatbelts, normalising the use of deposit limits, activity statements or other tools should leave those gambling within their chosen budget unaffected while mitigating the risk of harm in cases where people have lost track or control. With respect to deposit limits specifically, a number of respondents, including some operators, proposed requiring all customers to set their own limit as a condition of gambling online. Others felt deposit limits should be ‘opt-out’, where accounts have a limit set by default which can be removed or increased at the gambler’s discretion. A recent study by the [Behavioural Insights Team](#) suggested this model may support greater and more meaningful usage of financial limit setting tools, but further research including in a ‘real world’ gambling environment is likely to be beneficial.

Our conclusions

97. **In line with advice from the Gambling Commission, we believe player-centric controls such as pre-commitment tools and activity statements can be strengthened. The Commission will consult on requiring operators to improve these tools, such as by making deposit limit setting mandatory for all customers on account creation and pre-populating the limit with a reasonable default.** It is also possible that other tools, such as the provision of clear information on annual and/ or account lifetime losses could be improved, for instance by being more accessible. The Commission will explore this further through a consultation to consider best practice on the design and use of player-centric tools before mandating implementation.

Expected impact

98. Online operators must already provide customers with limit setting tools, so using these to better effect can be a low cost and scalable intervention to help prevent harm from occurring. Adjusting how they are provided, such as on an opt-out basis or with the input of behavioural science, builds incrementally on the existing requirements, which we expect will reduce implementation costs for industry.

99. Pre-commitment tools can significantly reduce harm for some and are on the whole unlikely to cause problems for others. An international [literature review reiterated](#) earlier findings that their impact on levels of gambling harm is limited by low uptake but added that there is promising evidence that requiring customers to use pre-commitment tools on a mandatory basis would have a more pronounced impact on harm. Similar conclusions were drawn in [a separate review](#), looking holistically at gambling policy and the evidence base around gambling harm reduction strategies.

Improving transaction blocks

100. Most major consumer banks offer opt-in gambling blocking tools which prevent card payments to gambling firms based on their merchant category code. Recently, others in the financial services sector such as payment providers have introduced similar blocks. While we know the majority of people who use these tools [do not have a problematic relationship with gambling](#), we have heard repeated evidence of the enormous benefits they offer to those who rely on them as part of their toolkit for stopping gambling altogether. However, submissions from parliamentarians, treatment providers and others (while praising the significant progress made to date) have raised concerns that there are ways to circumvent these tools, for instance by using payment methods which are not covered by the block.
101. An increasingly common method, reflecting trends across the economy, is to transfer money directly to an operator's customer funds account. A study commissioned by a challenger bank and submitted to DCMS after the call for evidence found that a third of online gamblers have deposited gambling funds via non-card based payment methods such as bank transfers, but this was even more common among younger or very regular gamblers. However, in spite of most users' expectations, these payments are not covered by most existing opt-in gambling blocks.

Our conclusions

102. No self-exclusion or gambling cessation tool in isolation can be completely effective in preventing someone who is determined to gamble online from doing so. That is why the Commission has mandated operator participation in a national self-exclusion scheme, GAMSTOP, and why we worked with other sectors to introduce a range of further friction-based measures which can support those who want to stop gambling.
103. Nonetheless, steps should be taken to strengthen these wider tools where it is practical and technologically feasible. **The Betting and Gaming Council has agreed to work with its members and stakeholders in the financial sector to develop a solution to this issue. For example, a simple registry of the**

account details (such as sort code and account number) used by its members to receive bank transfer deposits could be provided to banks and payment service providers and then integrated into existing blocks to automatically block transfers. This will help limit the ways that those who have taken the decision not to spend money on gambling can do so. If the gambling industry fails to progress this initiative, we will explore alternative solutions.

Expected impact

104. The vast majority of gambling deposits are made via debit cards, so this may only marginally strengthen transaction blocks, but any workarounds to tools which support those recovering from gambling harm could be particularly problematic. We therefore hope this measure will shore up these critical controls, and give assurance to operators that they are not accepting funds from bank accounts with an active gambling block.
105. We expect the impact on operators to be minimal, especially if pursuing the model outlined above. Operators already provide the account details to all customers wishing to make deposits by bank transfer, so the details themselves are unlikely to be confidential.

Restriction of winning accounts

106. Like any other business, gambling operators are entitled to act in their commercial interests and manage liabilities, usually manifested in the limiting or refusal of service to certain customers. The practice of not accepting bets from those who routinely ‘beat the book’ occurred long before the growth of online gambling, but has become far more sophisticated in the digital age. Many online operators now use data-driven consumer profiling tools to identify and restrict accounts which may not be profitable to serve, irrespective of whether this is resulting from shrewd bets or suspected cheating, insider knowledge or fraud. Normally, these restrictions are in the form of staking factor restrictions, which limit the maximum amount a customer can wager to below that which is offered to other accounts by default.
107. Some call for evidence respondents viewed this practice as unfair towards successful bettors, and raised concerns that it runs contrary to the licensing objective that gambling should be ‘fair and open’, and therefore contributes to the [overall low public confidence](#) in fairness and trustworthiness of British gambling. Some specifically highlighted that restrictions could drive individuals to gamble with unlicensed operators or to illegally use third-party accounts (for example, in a family member’s name) to continue gambling in the licensed sector. Some submissions provided evidence that only betting accounts were restricted (because of the element of skill) whereas gaming accounts were

typically left unrestricted because of the statistically guaranteed return to operators. This was criticised as allowing gamblers to keep losing, but never win. We note that peer-to-peer betting exchanges and pool betting remain available to restricted bettors, but respondents highlighted that exchange accounts can be charged a high commission on winnings, which was seen as particularly unfair given that operators do not assume liability for peer-to-peer bets.

108. Most who engaged on this issue alleged that the restriction of winning accounts amounted to misuse of data and behavioural tracking for commercial purposes within systems ostensibly designed to prevent fraud or identify harmful gambling. However, some did acknowledge that operators cannot be expected to endlessly pay expert or even professional bettors as this would inevitably increase the costs for all customers, for instance through worse odds.
109. Overall, our evidence is limited on how widespread this practice is. While informal estimates from operators suggest between 0.7% to 3% of active accounts are restricted, operators tend to use ‘restriction’ to refer to a near-complete withdrawal of services rather than the staking factor restriction outlined above, so the real figure is likely to be higher.
110. It is apparent that some operators may be using restrictions to minimise commercial risk with excessive caution. For example, one customer was reportedly limited to a £0.00 stake, after lifetime profit of £38.33 across 180 bets. Another account was reportedly restricted with a net profit of £280 across 7 months. While we do not know the full circumstances of these cases, similar reports are not uncommon, and considering these cases alongside the practice of increased wagering limits for losing accounts creates the impression of an online betting market that exists to only serve and maximise profit from losing customers.
111. We note that other jurisdictions have taken steps to address this issue. Most states in Australia have introduced a ‘minimum bet liability’ requirement for certain sports markets. However, introducing a universal service obligation would be a very unusual step in Great Britain, where such measures are only usually used to guarantee access to [essential utilities](#).
112. The Gambling Commission has previously emphasised that it did not see this as a regulatory issue in most cases as it is not for a regulator to mandate how individual businesses manage their commercial liabilities. However, operators are required to detail the terms of service, which would include the potential to apply account restrictions, in an easy and accessible way. As part of the Commission’s joint work with the Competition and Markets Authority it was made clear (via the [CMA undertakings](#)) that while licensees can manage their

financial exposure to individual gamblers, it is not appropriate to unilaterally remove or alter their obligations to provide the substantive benefits promised under the contract.

Our conclusions

113. Businesses may take commercial decisions providing they do not discriminate on the basis of protected characteristics. Being a successful bettor is not a protected characteristic in discrimination law. There are also valid compliance or contractual reasons for applying restrictions to some accounts, for example to prevent fraud or cheating. **However, excessive commercial caution risks driving customers to the black market where they can be exposed to a variety of risks.**
114. **Licensed operators should be transparent with customers, both at the start of the relationship and throughout, about how, when and why an account might be restricted, and ensure customers are aware of any restrictions prior to placing a bet.** This is consistent with the Commission's rules on transparency, and the regulator will monitor operators' compliance in this area.

Expected impact

115. We are reinforcing existing expectations concerning the need for operators to provide clear and transparent terms of service to consumers. Such transparency supports consumer confidence in a fair and open market, and should not bring new costs to the industry or consumers.

Artificial barriers to consumer choice

116. A reasonably widespread concern in call for evidence responses from consumer groups and private individuals was that friction is unequally distributed across the customer journey in a way that can disadvantage consumers. Respondents pointed out that processes which are commercially beneficial for the operator, such as account creation and depositing funds, are relatively frictionless compared to those which are of greater benefit to consumers. Broadly, respondents felt there should not be any unnecessary barriers for players to make decisions in their best interests.
117. Several specific areas of concern were identified in responses, including how the design of online gambling platforms (the so called 'choice architecture') can make it difficult to access tools or information intended to support consumers to make informed and safer decisions about their gambling. For example, while operators are [required to disclose key information](#) on their products, a [recent study](#) examining 350 roulette games offered by 26 major operators suggests this can be very onerous for users to access in practice.

On average, it took 1.3 mouse clicks away from the game to navigate to the product information page which usually contains large amounts of text (2,078 words on average). Even then, product information is almost always presented in the smallest font and/or the lowest level of boldness relative to the other text on screen. There are no specific provisions relating to how information is presented on screen, but where a product carries an underlying risk of harm, it is in the best interests of the consumer that material information is as easy as possible to access and understand. Operators might consider [best practice around the prominence of information](#) recommended in other sectors to raise standards in this area.

118. Stakeholders also had concerns that there is rarely a simple way to close an online gambling account without speaking to a customer service representative. Gamblers commonly resort to self-exclusion as a way to close a gambling account, with evidence suggesting this as a [motivating factor for 37% of self-exclusions](#). Not only is self-exclusion an unsuitable substitute for account closure in most circumstances, but it is also a key proxy for harm used by operators to learn how to identify potentially harmful gambling within play data. This approach assumes that those using self-exclusion facilities do so to manage harmful gambling, as opposed to things like marketing and/or data processing preferences.
119. Relatedly, submissions from campaign and consumer groups suggested that consumers were experiencing difficulty when submitting Subject Access Requests ('SAR') to access the personal data gambling operators hold on them, with delayed or incomplete returns from operators or third-party data processors being key concerns. We raised this with the ICO, who did not find sufficient evidence to support this statement. The ICO's findings are that most licensees are very efficient in handling SARs and other individual rights requests, while a small number appear to have less understanding of their responsibilities under UK law regarding SARs. The ICO stressed the importance of licensed operators upholding the information rights of data subjects.
120. Further concerns were raised in areas where the Gambling Commission has previously taken action, including rules around the [timeliness of requests for identity documentation](#). In spite of this action and the Commission's stated expectations, some respondents complained that operators made withdrawing money from accounts unnecessarily difficult and subject to artificial delays (especially prior to the Commission's [ban on reverse withdrawals](#)) which do not apply for deposits. For instance, a recent audit of online operator platforms by the Behavioural Insights team found 8 of the top 10 GB operators stated a minimum account balance was required for customers to withdraw their funds.

Our conclusion

121. We think that behavioural science provides valuable insights around how the design of platforms and processes can be improved to better empower consumers and reduce the risk of harm. This was explored recently in the CMA's discussion paper on [Online Choice Architecture](#). Specific to gambling, the [Behavioural Insights Team audit of 10 popular online operators](#) identified a range of design features that may put consumers at risk of harm, including some of those discussed above. The findings could inform future steps in this area, including making it as easy to close an account as it is to open one.
122. While there has been some progress made in this area, we note there are still areas for further improvement. **Behavioural barriers and friction should only be used to keep customers safe, rather than dissuade customers from acting in their own interest or to frustrate the fulfilment of operators' other obligations. Equally, things which might be in the customers' interest should be made accessible, understandable and easy. The Gambling Commission will continue to monitor compliance with the expectations it has set out and use its powers as needed.**

Expected impact

123. The Review has not seen data which robustly quantifies behavioural nudges or barriers in the online gambling sector, so it is difficult to estimate how much they may drive consumer spending/ revenue that would not have otherwise happened, or the impact of any changes. Nonetheless, ensuring customers are treated fairly and easily able to take action in their interest, including the exercise of legal entitlements, will be of clear benefit.

1.5 Changing landscape

124. The remote gambling sector continues to be enormously innovative, and it is essential that our regulation can respond to issues both foreseen and unforeseen. The 2005 Act has been described as 'enabling legislation' in that it allowed the Commission the powers and resources to respond quickly and effectively to new challenges. This same flexibility will be a defining feature of our ongoing approach to gambling regulation with a regulator empowered to respond to new challenges. Nonetheless, some specific concerns have been raised.

White labels

125. 'White label' is not a statutory term, but it describes a commercial arrangement which has become more widespread in recent years whereby a licensee offers remote gambling under a brand provided by a third party which does not itself

hold a gambling operator licence. It is the licensee which contracts with any customers and is responsible for providing the ‘facilities to gamble’ as set out in the 2005 Act, in spite of any branding on the website. There are currently around 750 active ‘white label’ arrangements which span across nearly forty licensees, but the vast majority are provided by just a handful of licensees.

126. This arrangement can enable an established licensee to partner with a third-party brand to attract new customers to their gambling offer. Sun Bingo and Virgin Games are examples of this type of arrangement, and are not in practice greatly different to the way licensees service their own proprietary brands. In these instances, the target market is mainly customers in Great Britain, and the licensee is leveraging the third-party’s brand to expand its appeal. The third party might benefit in various ways including a profit sharing arrangement, a brand licensing fee which is paid by the gambling operator, or through greater exposure for their business.
127. A particular version of this arrangement we received evidence on is when overseas gambling brands reach an agreement with an existing Commission licensee which they use to advertise and grow their brand in the UK without acquiring a licence themselves. Commonly, this arrangement is used by overseas companies that aim to sponsor domestic sports teams, especially in the Premier League which has significant international appeal. The majority of the eight gambling front of shirt sponsors in the 2022/23 season operate under this sort of arrangement. In at least some of these instances, customers in this country are incidental to the main purpose of the arrangement which is often to attract customers in overseas jurisdictions to the brand.
128. Some concerns have been raised that ‘white labels’ amount to ‘hiring out’ of a gambling licence to companies (potentially in other jurisdictions) that would unlikely be suitable to hold a British licence in their own right. If the licensee falls short of the Commission’s expectation to conduct due diligence before entering into a white label arrangement, they may proceed unaware of regulatory risks which would have been identified by the Commission had the third-party partner applied for a licence itself. This leaves open the possibility that unscrupulous companies can derive significant indirect revenue from the British market, or benefit from advertising here, before any issue is identified through regulatory scrutiny.
129. Respondents were also divided on the presence of ‘white label’ gambling brands in sports sponsorship as a means to target overseas customers. While a licensee who offers white label arrangements for this purpose pointed out in its submission that no breaches of British law were taking place, some campaigners and think tanks took a wider view, arguing that the marketing usually targeted audiences in jurisdictions with restrictive gambling and/or advertising laws.

130. The Gambling Commission’s [advice to this Review](#) explored the risks posed by the current arrangements. Importantly, while third parties typically undertake a range of peripheral tasks related to the gambling offer (e.g. marketing, data storage, age verification, due diligence checks, customer interaction), only the licensee may provide “facilities for gambling”. Social responsibility provision 1.1.2 (responsibility for third parties – all licences) makes clear that licensees are responsible for overseeing all third parties they contract with and ensuring they fully comply with the Licence Conditions and Codes of Practice. Any failure in this regard would bring into question the operator’s suitability to hold a licence.
131. In 2019 the Commission undertook a targeted programme of compliance and enforcement work in this area which led to new [best practice guidance](#) and a [reminder on licensee responsibilities](#) to reinforce this message.

Box 5: White Label case study

- Gambling Commission [enforcement against a major white label provider](#) provides a wide-ranging example of the types of compliance risks which can emerge when licensees fail to maintain sufficient oversight and control of their white label partners. In this case:
- The licensee entered into a contractual arrangement with a third party, despite outstanding questions over the company’s ownership. Robust due diligence would have identified concerns.
- While the licensee managed the customer interaction process, third-party partners were carrying out the actual interactions without sufficient oversight by the licensee. This also meant the licensee was unable to adequately evaluate such interactions.
- Contractual arrangements between the third party and the licensee did not provide the licensee with sufficient oversight to ensure compliance with the Commission’s LCCP.

Our conclusions

132. The evidence illustrated that while there have been recent instances of bad practice in casework, the risks posed to consumers are not fundamental to white label arrangements themselves. Where issues do arise, they stem from non-compliance with the existing requirements, and we welcome the Gambling Commission’s recent work on this issue. **To ensure all licensees fully understand their responsibilities when entering into such arrangements, the Gambling Commission will consolidate existing**

information and good practice for operators on contracting with third parties, including white labels. This will include further reinforcement on the due diligence checks necessary to mitigate risks to the licensing objectives. The place of white label brands in sports sponsorship is explored more fully in [section 2.5](#) below.

Expected impact

133. The Commission's continued close monitoring of licensees who enter into white label partnerships is unlikely to have new impacts on the sector, but will help ensure that the existing rules are followed and consumers are not put at risk.

Cryptoassets

134. Although there are no specific laws preventing customers' use of cryptoassets to fund gambling, operators may only accept them as payment if they can comply with all Gambling Commission requirements, including anti-money laundering, 'know your customer,' and safer gambling measures. Operators must declare to the Commission any changes to the payment options (including cryptoassets) through which they accept deposits and provide assurance this would not pose any risks to compliance. There have been no instances of licensed operators making this declaration and accepting deposits directly in cryptoassets.
135. The Gambling Commission has highlighted [a number of regulatory risks](#) or practical barriers associated with the use of cryptoassets as payment for gambling, and similar concerns were raised by the few respondents to our call for evidence that engaged on this issue in depth. As in other sectors, the pseudo-anonymised and opaque nature of cryptoassets presents a challenge for anti-money laundering obligations, such as verifying the source of funds. The volatility of cryptoasset prices may also impede safer gambling measures, including setting financial limits and identifying unaffordable gambling, and can effectively create a double unknown where the theoretical value of the stake fluctuates alongside the actual bet. Cryptoassets also have implications for operators balancing liabilities from open bets, and can be disadvantageous to consumers because of wait times and fees.
136. These issues appear so far to have prevented any licensed operator from accepting cryptoassets directly as payments, but several have reported indirectly accepting funds derived from cryptoassets via a third-party payment provider.
137. Similar issues have been raised by the Commission in relation to operating licence applicants seeking to use cryptoassets as evidence of source of funds.

As the Commission [has set out](#), experience has shown that such applicants are normally unable to provide complete and satisfactory evidence to answer the questions used to determine applications, including those to assess whether criminal activity has been a source of funds.

Our conclusions

138. The Gambling Commission's [advice to the Review](#) did not recommend any changes with respect to its approach to cryptoassets, in part as it has taken a rigorous stance to these technologies to date. As the existing 'Key Event' reporting requirements mean operators must tell the Commission of any changes to payment systems within 5 days, cryptoassets cannot be adopted as a way of accepting customer deposits without the Commission's notice. The regulator's case-by-case contentment would be contingent on assurances that adopting cryptoassets would not pose any risks to compliance. Similarly, the existing rigorous checks on sources of funds for operating licence applications ensure standards are not undermined.
139. **Government is clear that cryptoassets must not become a vehicle for lower standards in the licensed gambling sector, either in terms of harm prevention or regulatory compliance. The Commission's current approach adequately deals with that risk at present, but it will continue to monitor the development of new technologies and payment vehicles closely.**

Expected impact

140. As we do not propose any changes to existing controls, there will be no new material impact on the sector. Any significant impact will be driven by external factors, and how these interact with existing provisions.

Prize draws in the digital age

141. A lottery is defined in the 2005 Act as having three essential elements: you must pay to participate, prizes are awarded, and those prizes are allocated by chance. There are certain types of competition and prize draws which do not fall under the definition of a lottery because they offer a free entry route (so people need not pay to participate, although they may need to buy a postage stamp) or have a skill element (so prizes are not allocated by chance). Similarly, there are draws and competitions which offer entry routes linked to charitable donations rather than payments to the organisers. We received some submissions expressing concern about the recent growth of such competitions, which can now be run remotely and at large scale, and often offer significant prizes such as a luxury home or car.

142. As they do not meet the definition of a lottery above, these draws and competitions are not regulated under the Gambling Act 2005. This means that they are not subject to gambling regulatory oversight, can lack protections for players, and are not obliged to follow the rules on identifying and mitigating gambling-related harms which apply to licensed operators. Nor is it currently possible for the government or Gambling Commission to set limits on their sizes, annual proceeds, or prizes. These draws and competitions may be run by commercial organisations and while some are run in support of charity, there is no requirement to give a minimum amount to good causes.

Our conclusions

143. **We will consult on the potential for regulating large scale prize draws with a view to identifying options and developing an evidence base against which their impact and the extent to which different regulatory measures would be proportionate can be properly assessed. The options will be focused on those prize draws whose scale resembles that of a large society lottery and may be confused with them.**

Expected impact

144. Where prize draws are not subject to regulation, we have limited information on the size of the market and the scale of possible gambling-related harm. As part of exploring the potential for regulating these types of draws we will seek further data and evidence to enable us to assess the proportionality and impact, including on the society lottery sector of different regulatory approaches.

Loot boxes in video games

145. In September 2020, the government launched a call for evidence on loot boxes in video games to understand their impact and whether changes are needed to ensure consumers are effectively protected. A number of stakeholders questioned whether loot boxes already amount to a form of gambling or whether gambling regulation would be an appropriate response to the risk of harm associated with loot boxes.
146. The government's [response to that call for evidence](#) was published in July last year, setting out our plan to improve protections for children, young people and adults, and to support better longer term research into the impacts of video games. As set out in the response, we do not intend to adjust the legal definitions of gambling at this time in order to capture loot boxes. In our view, it would be premature to pursue legislative options without first pursuing enhanced industry-led protections, given the potential downsides. However, we will not hesitate to consider such options if we consider it necessary in future.

Chapter 2: Marketing and advertising

Summary

- Gambling advertising and marketing has expanded into new channels and grown significantly since 2007.
- There is good evidence that it can have a disproportionate impact on those who are already experiencing problems with their gambling. We also know some forms of online advertising have a strong appeal to children (under 18) and young adults (aged 18 to 24), and some aggressive marketing practices are particularly associated with harm.
- We welcome industry's recent voluntary actions, but they have not gone far enough. We propose:

Tougher restrictions on bonuses and direct marketing:

- We recognise the risk that online bonus offers can present, particularly for those who are experiencing harm. The Gambling Commission has already restricted marketing and promotional offers to customers showing strong indicators of harm, and will undertake a review of incentives such as free bets and bonuses to ensure that they are constructed and targeted in a socially responsible manner which does not encourage excessive or harmful gambling. The consultation also will consider measures such as a cap on re-wagering requirements and an appropriate minimum time frame for customers to claim bonuses.
- The Commission will continue to closely monitor practices around online VIP schemes to make sure they are not used to exploit at-risk gamblers. Numbers of customers on these schemes have already significantly declined following strengthened Commission protections in October 2020.
- The Commission will also take forward work to strengthen consent for direct marketing for online gambling, with both new and existing customers given more choice on what offers they want (including requiring consent to 'cross-selling' new products) and how marketing is sent to them.

Making advertising smarter and safer:

- We are calling on operators to take existing commitments in the industry code further, and use the full potential of available advertising technology to target all online advertising away from children and vulnerable people and those showing indicators of harm.

- The Gambling Commission and the Advertising Standards Authority are taking a joint approach to tackling the issue of ‘content marketing’ that may inappropriately appeal to children, applying where possible the standards expected of other forms of marketing.
- The DCMS Online Advertising Programme is reviewing the role of platforms in ensuring the ads they serve are safe and socially responsible. In the meantime, we welcome steps by some online platforms to empower individuals to ‘opt out’ of gambling advertising.
- The Commission will continue to hold licensees accountable for the activity of their marketing affiliates. We welcome the Betting and Gaming Council’s initiatives to improve standards and improve compliance with the Commission’s rules.

A new approach to safer gambling messaging:

- We will work together with the Department of Health and Social Care and the Gambling Commission, drawing on public health and social marketing expertise to develop a new, evidence-based model for independently developed safer gambling messages. Replacing industry ownership, this will consider information at the point of purchase and messages within advertising, and identify what messaging works for different contexts and audiences.
- We welcome industry’s expansion of its commitment to safer gambling messaging to constitute 20% of all advertising across both online and broadcast channels.

Socially responsible sport sponsorship:

- We expect all sports to take a responsible approach to gambling sponsorship and support the sector’s efforts to implement minimum standards for social responsibility through a cross-sport Code of Conduct. For individual sports we believe sports governing bodies are best placed to decide what approach and measures are appropriate to protect their fans.
- We recognise that as the pinnacle of our national sport, the English Premier League has an especially high profile and high following of children. The Premier League has announced that it will remove gambling sponsors from the fronts of players’ shirts, aimed at reducing children’s exposure to gambling brands in a way which might appeal to them, in line with new advertising rules.

2.1 The current position

Sector overview

1. The liberalisation of gambling advertising was one of the major changes introduced by the Gambling Act 2005. Before the Act, only bingo and lotteries were permitted to advertise on TV. Since its implementation, gambling marketing has become highly visible and lucrative, with [analysts Regulus Partners](#) estimating that in 2017 gambling operators spent around £1.5 billion across all advertising channels in the UK – accounting for around 7% of the £22.2 billion UK advertising sector [that year](#).
2. Gambling advertising reaches most adults in Great Britain: according to the [Gambling Commission](#), 85% of adults reported ever seeing gambling advertising or sponsorships, with 6 in 10 reporting seeing them at least once a week. Children's exposure is lower but still significant, with 66% of the 11 to 16 year old respondents to the [2022 Young People and Gambling Survey](#) reporting their exposure to adverts or promotion about gambling happens offline and 63% stating they had seen advertising online or on an app. However, the continual growth of gambling marketing since 2005 has not resulted in an increase in gambling participation rates, which were higher overall prior to the Act's implementation, or in population problem gambling rates which have remained broadly stable.
3. Alongside this overall growth, the nature of gambling marketing has also changed significantly. Marketing online now accounts for well over half of operators' advertising spend, with social media and paid-for online ads in particular having seen growth in recent years. Regulus' estimate found that, excluding lottery advertising, while TV advertising spend had grown from £80 million in 2014 to £145 million in 2017, social media advertising had grown from £40 million in 2014 to £140 million in the same period. The sector will have continued to change since this estimate, and the COVID-19 pandemic caused the advertising market to shrink overall, but it is likely that the dominance of data-driven online advertising has been further cemented over recent years.
4. A parallel change in gambling operators' approach to advertising has been the increasingly visible integration with sports. Gambling brands provided 12% of sports sponsorship revenue according to a [2019 estimate](#). Aside from horse racing and greyhound racing, which have integral links to betting, gambling sponsors are most strongly present in top-tier football, where 8 out of 20 Premier League teams in the 2022/23 season had a front-of-shirt gambling sponsor and all teams in the League had an 'official betting partner'. In smaller sports such as darts and snooker, a substantial amount of sponsorship revenue also comes from gambling operators.

Regulation

5. Multiple bodies share the responsibility for regulating gambling advertising. The Advertising Standards Authority (ASA) is the frontline regulator for all advertising, and co-regulates broadcast advertising under contract with Ofcom. The Committees of Advertising Practice (CAP), which set the rules which the ASA enforces, maintain and periodically update a dedicated [broadcast](#) and [non-broadcast](#) code (which also applies to out-of-home advertising e.g. posters and billboards) for gambling and lotteries products. These codes include controls on the content, placement and targeting of gambling adverts: for instance, that they must not be targeted at under 18s or encourage socially irresponsible gambling.
6. The Gambling Commission also sets some specific rules on how gambling operators advertise through its Licence Conditions and Codes of Practice. For example, these rules stipulate that all reasonable steps must be taken to prevent advertising going to those who have self-excluded, that licensees are responsible for their marketing affiliates' activities, and that VIP schemes can only be offered subject to certain controls.
7. Additionally, the trade bodies representing the gambling industry have developed the Industry Code for Socially Responsible Advertising ('[IGRG Code](#)'), which was last updated in October 2020. The code bans most broadcast gambling advertising before 9pm, with the exception of bingo and lotteries, and sports betting advertising in the build up to and after (but not during) a live sporting event. It also requires mandatory inclusion of safer gambling messaging, and has been updated to include the use of adtech to ensure social media ads are only targeted to users aged 25 and over where age verification is not in place, and that ads do not appear where keyword searches suggest vulnerability. Although the IGRG code is an industry code, compliance with it can be considered alongside compliance with the Gambling Commission's own rules when the regulator is assessing an operator's suitability to hold a licence.

Box 6: Recent regulation in gambling advertising and marketing includes:

- **Industry commitment: ‘whistle-to-whistle’ ban** – A ban on sports betting advertising during pre-watershed live sports broadcasts, lasting from 5 minutes before to 5 minutes after the event itself. Introduced in 2019 via the Industry Group for Responsible Gambling (IGRG) Code, the ban has cut the number of pre-9pm betting adverts to around a quarter of their previous level. It has also reduced exposure by over half for children, with Advertising Standards Authority (ASA) data showing that the average number of sports betting adverts seen by children under 16 fell from [0.7 to 0.3 per week between 2018 and 2019](#).
- **Competition and Markets Authority (CMA) and Gambling Commission: transparency of terms and conditions and promotional offers** – Joint work was carried out in 2016-17 to address consumer complaints around fairness and transparency, such as operators not disclosing wagering requirements and preventing customers from withdrawing deposited funds. As a result of this work a number of operators were subject to CMA enforcement activity, the CMA published clear principles for compliance with consumer protection legislation, and the Gambling Commission has strengthened licence conditions. Operators now have to make all terms and conditions clear in advertising and on-site, must separate bonus and customer-deposited funds in online wallets and must make it possible for customers to withdraw any funds they have deposited themselves. Prior to this work, [in 2015/16](#), complaints relating to the terms and conditions of promotional offers constituted 31% of all complaints by GB customers to the Independent Betting Adjudication Service. This has fallen since the work was carried out, to only [5% in 2021/22](#).
- **Gambling Commission: Controls on online ‘VIP/High Value Customer’ schemes** – Following a number of high-profile social responsibility failings, the Gambling Commission implemented new rules for operators in autumn 2020, including duties to establish that a customer’s spending is affordable and sustainable and that they are not showing markers of harm before making them a VIP, with increased Personal Management Licence-holder responsibility for the schemes. Since these controls were implemented, operators have reported to the Gambling Commission that [there has been a 90% reduction](#) in the number of customers on such schemes.

- **ASA/Committee of Advertising Practice (CAP): ‘Strong appeal to children’ and protection of vulnerable adults** – Ipsos MORI’s [research](#) for **GambleAware**, published in 2020, identified a number of features in gambling advertising with a strong appeal to children and vulnerable adults. In response, CAP has implemented [changes to the advertising codes](#) and the guidance supporting their interpretation, including doing more to prohibit content which downplays risk or overstates skill involved in betting, and expanding the ban on content that appeals unduly to children by prohibiting content of ‘strong appeal to children’. This extends the scope of protections from obviously child-oriented content such as cartoons to content that appeals across age groups like certain sports and video gaming. Among other things, this will prevent celebrities like top-flight footballers and social media influencers from appearing in gambling adverts.

8. While the ASA regulates all forms of advertising, there are different regimes for different forms of advertising. The differences in regulation for gambling advertising in broadcast and online channels are particularly noteworthy. Broadcasters are responsible for the content of adverts they broadcast, and fund the bodies Clearcast and Radiocentre to pre-clear all adverts for compliance with the advertising codes. In cases of breaches, Ofcom has the power to fine or otherwise sanction broadcasters. While there is currently no equivalent regulatory body providing oversight of online platforms, the ASA can refer cases in breach of the advertising codes to the Gambling Commission, which can take enforcement action against operators, and the ICO has regulatory oversight of how personal data is used online (including data used for ad targeting).
9. Outdoor advertising is also subject to ASA rules and must not target children or vulnerable people. For posters and billboards, marketers should take care to consider the potential audience and if, for example, the poster site is located near a school, the ASA is likely to consider that to have skewed the audience towards having a higher proportion of children. Many outdoor media owners therefore apply a ‘100 metre rule’, meaning they will not place certain ads, for example those that promote age-restricted products such as gambling, alcohol or e-cigarettes, within 100 metres of a school boundary.
10. Regulator data shows that there is broadly a good standard of compliance with the existing advertising regulations. The ASA’s submission to the call for evidence noted that in 2020, the ASA investigated 886 complaints relating to 81 gambling adverts – accounting for around 2.4% of all complaints and less than 1% of all cases investigated that year, and the submission from Radiocentre, which runs the pre-clearance regime for commercial radio advertising, reported that there had been no complaints upheld related to gambling adverts in the 5 years prior to their submission. Of the 21

enforcement actions taken by the Gambling Commission in 2022/23, only three (against [Betway Ltd](#), [Eaton Gate Gaming Ltd](#) and [Scout Ltd](#)) involved marketing breaches.

Box 7: Wider work on online advertising and consumer protection:

The shift towards online data-driven marketing outlined above is not unique to the gambling sector, and should be considered in the context of the broader digital ecosystem. The government and regulators are addressing these issues holistically through other wide-ranging programmes of work:

- **[Online Advertising Programme](#)** (DCMS):
The government consultation on the Online Advertising Programme (OAP) ran last year, with a government response expected in due course. The OAP will examine the regulatory model for online advertising to ensure it is coherent and effective in creating and supporting a sustainable, transparent and accountable online advertising market that reduces harm for consumers, businesses and society as a whole. The OAP will look across the online advertising supply chain and review the role of key actors, such as advertisers, online platforms and third party intermediaries. It will consider issues including ad targeting, influencer marketing and illegal, fraudulent advertising. Gambling advertising is in scope.
- **[Reforming competition and consumer policy](#)** (The then Department for Business, Energy and Industrial Strategy – BEIS):
Government’s response to the consultation on competition and consumer policy was published last year. The work on consumer rights in this consultation considered the use of consumer data by companies, including the design of personalised offers and use of behavioural ‘nudges’, as well as the manipulation of reviews and search results, and the role for government and regulators in addressing these issues. In response, government will strengthen the law to deter, and facilitate enforcement against traders who engage in unfair practices, and continue to research harmful business practices to prevent online exploitation of consumer behaviour.
- **[Adtech Investigation](#)** (Information Commissioner’s Office – ICO):
Following a pause to tackle COVID-related issues, the ICO has resumed its work on investigating adtech, specifically the complexity and scale of real-time bidding systems and ‘data brokers’ which use people’s personal data. The ICO wants to ensure that use of this data requires explicit consent from the consumer and that data is shared safely and responsibly.

- **Intermediary and Platform Principles (IPP)** (ASA/CAP):

The IPP pilot, which launched in June 2022 and will run for one year, is an expansion of the ASA's regulatory remit online, designed to align with the aims of the Online Advertising Programme. Under the pilot, major online platforms and intermediaries (including Amazon, Meta and Google) will share data with the ASA on how paid-for programmatic ads are served on their platforms, to demonstrate how they comply with the ASA's Principles, including ensuring use of targeting features for age-restricted ads online. ASA/CAP is also undertaking a [wider programme of work](#) on age-restricted ads, including working with platforms to identify best practice for targeting, and working with and harnessing the insights of ad tech experts to expand its guidance to provide more detailed, technical advice to marketers to further limit the likelihood of under 18s being served ads online.

Evidence

11. The questions on advertising and sponsorship in the [call for evidence](#) attracted a high number of responses, with strongly polarised views. Industry stakeholders (as well as representatives of sectors which benefit from operators' ability to advertise, such as advertisers, broadcasters and sports governing bodies) broadly took the view that the current regulatory regime is fit for purpose. Recent reforms such as the Gambling Commission's toughened regulations for VIP schemes or the voluntary suspension of broadcast advertising during the initial COVID-19 lockdown were cited as evidence that the current system is able to respond quickly where new risks emerge or evidence of harm is found. These respondents also emphasised the contributions that gambling revenue makes to other sectors, many of which (particularly in sports) have suffered financially due to the pandemic: for example, Betfred's sponsorship of the Rugby Football League extending to the Women's Rugby League and Wheelchair Super League tournaments, or the importance of revenue from gambling ads in enabling public service broadcasters to secure costly broadcast rights for live sporting events.
12. In contrast, most other respondents (particularly across the health, charity and academic sectors) argued that gambling advertising was in need of significant reform, with several stakeholders in this group advocating for a return to the pre-2005 regime where most advertising was banned. A common theme in these responses was the need for a 'precautionary' approach to the regulation of advertising, arguing that the absence of evidence of harm must not be treated as evidence of an absence of harm. There were also specific concerns around the links between sports and gambling, and the use of 'loyalty' rewards in a sector with a known addiction risk. These responses also argued that 'self-regulation' is too prevalent in gambling advertising and could not be relied upon to reduce harm, particularly with regards to online formats such as social

media advertising, affiliates and direct marketing. Many responses focused on the impact of advertising on children and young adults and those who have experienced gambling harm. In particular, individuals with personal experience of gambling harms provided personal accounts of feeling ‘aggressively’ targeted with large quantities of direct marketing and online ads and being ‘groomed’ into problem gambling by VIP scheme managers.

13. Overall, the call for evidence submissions showed a lack of conclusive evidence on the relationship between advertising and harm. The limited high-quality evidence we received shows a link between exposure to advertising and gambling participation, but there was little evidence of a causal link with gambling harms or the development of gambling disorder. The Gambling Commission’s [consumer journey research](#) identified advertising and sponsorship as passive factors which, while widely noticed, had comparatively little impact on behaviour, with either an experience of winning or hearing about somebody else’s win significantly more likely to influence gambling than seeing advertising. Similarly, [PHE’s evidence review](#) found no substantial evidence to establish that exposure to advertising is a risk factor for harmful gambling, although this may only indicate a lack of evidence rather than a lack of relationship as PHE only examined systematic review level evidence. Some respondents also made the case that operator advertising might mitigate harm overall, by helping consumers distinguish between licensed and black market operators.
14. The responses we received particularly emphasised that regardless of the form of advertising, it can have much stronger, and adverse, impacts on those who are [already experiencing problems with gambling](#). A recent [in-depth umbrella review](#) on the relationship between advertising and gambling-related harm found evidence of a ‘dose-response’ effect where greater exposure to advertising increases participation which carries a greater risk of harm. The review also found a causal relationship between exposure to gambling advertising and more positive attitudes to gambling, a greater intention to gamble and increased gambling activity, and that evidence of impact was stronger for children and young people and those already at risk of harm. The authors suggest that limiting children and vulnerable people’s exposure to gambling advertising could mitigate the potential harm that advertising poses to these groups.
15. Many responses from those with lived experience reported how harm can be intensified by ad targeting and direct marketing, and that even with self-exclusion tools in place which prevent direct marketing, the exposure to marketing elsewhere could nonetheless be triggering, especially during recovery. We also received evidence that particular industry advertising practices might carry an unacceptably high risk of harm (explored below).

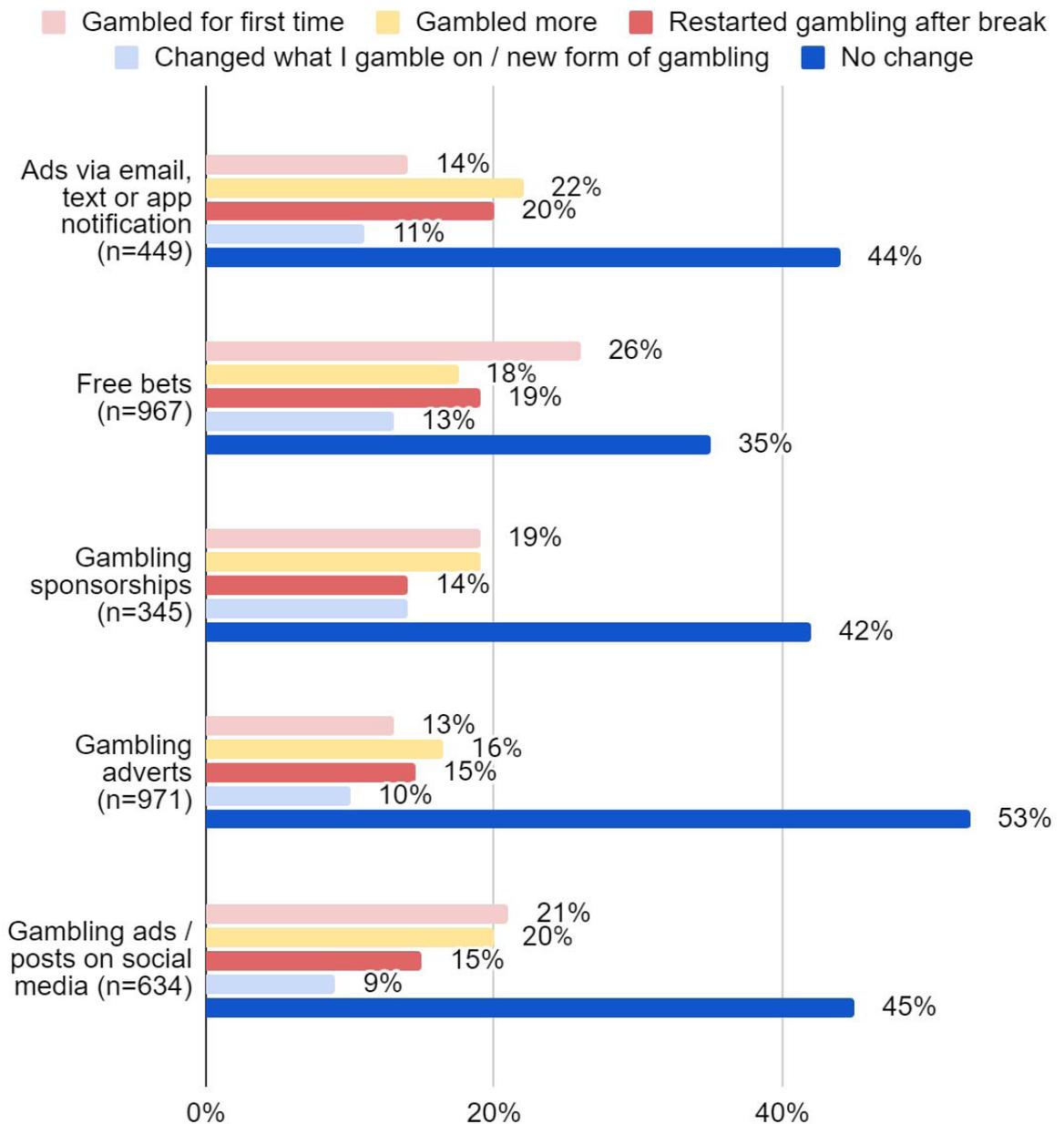
16. One argument that was frequently raised in responses calling for greater restrictions on advertising was that the ‘normalisation’ of gambling is a form of harm caused by advertising. On the other hand, the position [taken by the ASA](#) in its regulation of gambling advertising is that gambling is already normalised as a legitimate leisure activity for adults in Great Britain. While we agree that it would be harmful for any form of advertising or marketing to ‘normalise’ harmful practices (for example underage or unaffordable gambling), we do not consider participation in gambling in and of itself a form of harm. The proposals set out in the following sections target practices identified as likely to increase the risk of harm.

2.2 Tougher restrictions on bonuses and direct marketing

17. The evidence we have seen suggests that bonuses (as [defined by the CMA](#)), general promotional offers, and direct marketing communications are the forms of advertising most likely to impact an individual’s gambling behaviour. The Gambling Commission’s online tracker found that while only around a third of respondents surveyed in 2020 had spent money in response to seeing advertising in the past year, amongst that group direct marketing was the most likely to prompt individuals to increase the amount of money that they spend gambling, or restart gambling after taking a break.

Figure 9: Impacts of different forms of marketing on behaviour

How did advertising / sponsorships impact your gambling?



Source: [Gambling Commission](#)

18. There is evidence of a concerning trend across these forms of advertising whereby those at the greatest risk of harm have the highest exposure. This is likely due to a combination of operators deliberately targeting more engaged customers, and engaged gamblers being on a greater number of mailing lists. One charity reported that amongst online gamblers in debt that they surveyed, over a third said they received multiple marketing emails per day. The Gambling Commission's [tracking survey](#) also found that 35% of problem gamblers received incentives or offers to gamble daily, compared to only 4% of non-problem gamblers, and their [consumer journey research](#) found that

while only 10% of gamblers with a 'non-problem' or 'low risk' score were influenced to gamble more by direct marketing, this rose to 41% amongst those with a 'moderate risk' or 'problem gambler' score. The same study found a similar but much less pronounced trend for other advertising (influencing 3% of the 'low risk' group versus 9% of the 'moderate/problem' group), indicating the particular risk posed by direct marketing to those who are experiencing harm from their gambling.

19. Submissions from people with personal experience of gambling harms elaborated on the negative effects which can come from such direct marketing and inducements. These ranged from feeling 'spammed' by the volume of marketing, including in forms such as push notifications that they had not intentionally agreed to; to continuing to receive marketing even after an operator had removed them from offers due to the risk of harm and receiving promotions via email during periods of abstinence which triggered a relapse. Nearly half of all gamblers and 63% of problem gamblers [surveyed by the Gambling Commission](#) felt that they received too many incentives to gamble, and 48% of all gamblers and problem gamblers agreed that they would prefer not to receive bonus offers, suggesting that despite regulations requiring clear customer consent to marketing, it is commonplace for customers to receive an undesirable quantity of marketing, as well as promotions they are not interested in.

Remote bonuses, promotional offers and VIP schemes

20. Online gambling operators, like many other technology firms, have developed sophisticated means of segmenting their audience and keeping key customers engaged. Often this involves giving certain individuals or cohorts a wide range of offers to encourage play and reward loyalty, including free bets or spins, cashback, and best odds guarantees. Sometimes, for a minority of players, this escalates to tailored 'VIP' or 'High Value Customer' treatment, discussed below. However, such incentives are not exclusively for existing customers, and 'sign-up bonuses' which reward new customers with a one-off benefit have become a key element of market competition.
21. These free bets and other promotional offers appear to be a particularly effective form of marketing. In the Gambling Commission's [online tracker survey](#), 65% of respondents who had seen promotional offers reported that they had an impact on their gambling behaviour, whether that was gambling for the first time or restarting after a break, the amount gambled, or the product gambled on. Further, they were more likely to prompt non-gamblers to start gambling than other forms of marketing. One major operator reported to us that customers were more likely to list sign-up offers as the reason they had registered with a given operator than other factors, a point backed up by the [Gambling Commission's](#) survey finding that 28% of gamblers who had

received a promotional offer reported gambling for the first time as a result of that or an earlier promotional offer. Several submissions also pointed to the reported growth of the unregulated sector in Sweden following the introduction of restrictions on most bonuses. This was cited as evidence that promotional offers are desirable to customers, who expect them as markers of difference between operators and may see them as beneficially discounting the costs of gambling.

22. Particular concern was raised in some submissions to the call for evidence that free bets or other promotional offers might encourage harmful engagement with gambling both in the present, and following a period of abstinence, and this was reflected in some of the most robust evidence available. Gamblers have reported engaging in higher risk behaviours, such as playing multiple games simultaneously or using 'auto-play' functionality in order to play through bonus wagering requirements as quickly as possible. In the [Gambling Commission survey](#), 31% of respondents who had received a promotional offer stated that free bets or bonus offers encouraged them to gamble more than they wanted to. This figure rose to 77% for those classified as 'problem gamblers'. Likewise, 9% of 'non-problem gamblers' restarted gambling after taking a break after receiving an offer, compared to 53% of those with 'problem gambler' classification. [Recent longitudinal research from France](#) also suggests that use of inducements is associated with greater spend, intensity of play and potentially risky behaviours such as loss chasing, with a more pronounced effect in gamblers with higher Problem Gambling Severity Index (PGSI) scores, although a distinction was not drawn between different forms of inducements in this research.
23. Industry offered some insight based on its own data in relation to these promotions and their impact on customer behaviour. For instance, one operator found that the rates of harm detected among customers who had created their account with a sign up bonus was no different than among those who had no such offer, while another analysis found no correlation between receiving cashback bonuses and self-exclusion. We recognise this is limited evidence, and it is important that we continue to build the evidence base around bonuses. Measures to drive future research, including greater use of industry data, are outlined at [section 3.5](#).
24. The most acute concern among some call for evidence respondents was with online VIP schemes, where particularly high spending individuals are offered rewards which significantly surpass the value of incentives received by other customers, such as personalised account management, regular bonuses, and free tickets to sporting events. The Gambling Commission tightened the rules on these schemes in October 2020 and the reforms appear to have reduced potential harm: operators have reported to the Commission [a 90% reduction in the number of customers](#) on the schemes they offer, and there is a good

standard of compliance with new due diligence requirements for the remainder. Nonetheless, the question remains as to whether incentivising continued spending from customers who have already gambled high sums should fundamentally be considered too dangerous a practice in a sector with a known addiction risk, especially where that high spending is in itself a risk indicator.

Box 8: Restrictions on bonusing in other jurisdictions

In recent years, a number of jurisdictions across Europe have introduced greater controls on how operators are permitted to offer bonuses. These interventions reflect the diversity and varying approaches of other regulatory regimes:

- **Spain:** Sign-up bonus offers were prohibited as part of a wider advertising ban passed in 2020. Bonus offers are capped at a maximum value of €100 and can only be offered to verified customers with an account at least one month old with three or more deposits made.
- **Sweden:** Since 2019, bonus offers have been limited to one sign-up bonus per licence and customer. Further to this, temporary restrictions introduced in 2020 to mitigate the risks of the COVID-19 pandemic included a limit on the value of bonuses to SEK100 (approximately £8). Some reports [have linked](#) this policy to a growth in the black market in Sweden.
- **Denmark:** A range of restrictions on bonuses have been introduced in recent years, including: a maximum bonus value of DKK1000 (approximately £118) and requiring all bonuses to be available for a minimum of 60 days with a maximum wagering requirement of 10x. There are also restrictions on targeting of bonuses, including that all bonuses must go to at least 100 customers (in order to prevent 'VIP' targeting) and that bonuses cannot be targeted to 'win back' inactive customers.

Our conclusions

25. While rewards for customer loyalty and efforts to win back former customers are common across the economy, we recognise that the intensive and data-driven targeting of certain groups or individuals can come with a risk of harmful consequences. In particular, the use of monetary bonuses can lead to intensified engagement and distort players' perception of their losses.
26. To prevent individuals showing strong indicators of harm from being encouraged to gamble, **the Gambling Commission recently published new requirements on customer interaction** which require operators to prevent these customers from receiving any direct marketing or taking up new bonus

offers. However, the sustained targeting of certain groups or individuals with online bonuses based on factors like high levels of spend, even if they are not currently showing strong indicators of harm, may nonetheless increase the risks of future harm. **The Gambling Commission will explore the evidence base on the potential impacts of a range of targeting mechanisms further through consultation, and take action if required.** Its additional work to ensure that where bonuses are offered, they are constructed and applied in a socially responsible manner which does not encourage excessive or intense gambling, is [detailed below](#).

27. **The Gambling Commission's significantly strengthened protections around online VIP schemes specifically ([as defined in the existing Gambling Commission rules](#)) are making sure they are not used to exploit gamblers who are suffering harm.** The number of customers on such schemes has fallen substantially and there have been no enforcement cases related to operators failing to meet the new standards. Nonetheless, we and the Commission continue to monitor this closely, and as the Commission has set out, it will take further action if there is evidence to suggest the new rules have not delivered the objectives.
28. The aim of this package of recent reforms and further investigation from the Commission is to provide a proportionate, evidence-driven response to the risk of harm from irresponsible targeting of bonuses, without impeding licensed operators' legitimate ability to provide bonuses to attract and retain customers.

Land-based VIP schemes and targeted bonuses

29. Promotional offers in the land-based sector have different features to online gambling, and the vast majority of them (outside the high-end casino and betting sectors) are generally non-monetary or of low value. In bingo and adult gaming centres, promotions generally consist of small scale incentives/rewards such as introductory offers for new products, free teas and coffees, or free games. These operators tend not to offer personalised account management or tailored incentives for specific customers.
30. Mass market licensed betting offices offer some targeted incentives and rewards. These are typically low value, using loyalty schemes with no personalised account management; for instance, 'Best Odds Guaranteed', 'Acca Boost' or 'Fail to Finish' promotions which allow customers to get money back if a horse fails to finish. As many of these loyalty schemes are multi-channel, rewards can often be linked to online accounts.
31. Casino operators also offer some targeted offers. For high-end casinos, rewards can take the form of personal concierge services, including dinners,

hospitality and events. These schemes are only available to members, generally high end international travellers who will have been through enhanced due diligence checks as a condition of membership. The schemes are intrinsic to high-end casinos' business models, and the benefits tend to emphasise building a luxury experience rather than monetary rewards and free bets designed to be staked. In the majority of casinos, targeted offers are often through loyalty programmes that are open to everyone, with higher tier memberships offering higher value rewards. With most operators, points can either be redeemed for gaming or non-monetary benefits. The qualifying criteria for these tiers are not always published but are likely linked to the amount staked over time. Higher tier rewards can include theatre tickets, complimentary nights at hotels, air credits and complimentary spa days. Operators also use these loyalty schemes to track play and they can act as a basis for customer intervention where needed.

32. Operators told us such schemes in land-based venues are important because they improve the customer experience which is inherent to their business model. They emphasise that land-based play allows for close oversight of customers to ensure that bonuses are issued responsibly. Loyalty schemes in land-based venues are also a way of encouraging account-based play, meaning that a ban on them could have the unintended consequence of reducing the amount of available data on player behaviour. Responses to our call for evidence which called for restrictions on bonuses were chiefly concerned by the risks posed by online bonusing and schemes.

Our conclusions

33. **We recognise that offering bonuses (as defined by the CMA) to customers in land-based settings, as well as land-based VIP schemes, are inherent to their business models, in particular that of the high-end casino sector, and we believe the Gambling Commission's current controls adequately mitigate the risks.** However, we encourage land-based operators to consider any use they make of targeted monetary or free bet bonuses and their purpose and we will continue to monitor whether there is a case for any further restrictions.

Bonus offer mechanics and re-wagering requirements

34. While the Gambling Commission's new customer interaction requirements will protect those showing the most serious risk of harm from bonus offers and marketing exacerbating their gambling, we must also ensure that bonuses operate in a safe way wherever they are offered, both offline and online. Currently, although the CMA and Gambling Commission's joint work (detailed at [Box 6](#)) has successfully reduced misleading terms and conditions in relation to promotional offers and withdrawal of funds, operators may still issue bonus

offers in a way that can encourage higher risk play, unsustainable spending, or downplay risks without full customer understanding.

35. For example, wagering requirements, sometimes called ‘re-wagering’ requirements, are a common feature of bonus offers in the gambling sector, whereby customers have to stake bonus funds a number of times (potentially adding some of their own money) before being permitted to withdraw any winnings. As well as potentially encouraging further spend, operators use these restrictions to prevent customers using bonus offers for ‘matched betting’ strategies without spending their own money, and to limit the costs of offering bonuses, as customers can’t simply take the money after a single low risk bet. Since 2018, transparency around bonus offers and wagering requirements has been strengthened through a programme of joint work from the CMA and Gambling Commission, leading to a significant decline in ADR complaints in this area.
36. However, re-wagering requirements are still often set at high thresholds – for example, a bonus of £10 with a 50x wagering requirement requires the customer to bet £500, and the funds, including any winnings, can often expire after a given time limit – often as brief as seven days. The combination of high re-wagering requirements and tight time limits to claim winnings poses clear risks in terms of creating a sense of urgency to gamble, incentivising high intensity play and potentially gambling more than one had originally planned to.
37. Further, we have concerns about the way some bonuses are described. The CAP has now [banned operators](#) from presenting offers as entirely ‘risk free’, in light of research from GambleAware showing such terminology was especially likely to draw in those who are vulnerable to gambling-related harm. However, bonus offers are still widely presented as ‘free’ bets/spins, which also raises concerns: behavioural insights from other sectors show that [presenting an option as ‘free’](#) can exaggerate people’s perceptions of the benefits, and that [focusing on the size of a discount](#) can lead consumers to make poor overall choices. Considering the inherent risks of gambling, we believe there is a case to ensure that operators present bonuses in the most transparent language possible.

Our conclusions

38. **To reduce the potential risks of bonus offers, the Gambling Commission will consult further on appropriate action, considering issues such as maximum caps on wagering requirements and minimum time limits before offers expire.**

Direct marketing consent and clear opt-in to offers

39. There are already clear requirements that operators must seek informed and specific consent to send direct marketing to consumers, as well as requirements that direct marketing must not be sent to those who have self-excluded or are showing strong signs of harm. This is outlined in Gambling Commission licence conditions, and the broader requirements under the [Privacy and Electronic Communications Regulations](#) (PECR) and UK [General Data Protection Regulation](#) (GDPR) – both enforced by the ICO. However, the rigorous standards mandated by the PECR do not necessarily always apply where there is an existing customer/business relationship. When signing up, many major operators offer only an ‘all or nothing’ approach where a user is either unsubscribed from all marketing or provides consent to all communications. Relatedly, a recent [behavioural audit of popular online gambling operators](#) found there was usually extra friction associated with unsubscribing from communications, including ‘scarcity messages’ to discourage consumers from doing so. Without greater control for consumers, the negative impacts range from nuisance to casual players to exacerbating harm for those struggling with their gambling, who feel ‘bombarded’ by calls to action from operators.
40. A particular concern raised in some submissions to our call for evidence was the practice of encouraging existing customers to try new forms of gambling, known as ‘cross-selling’ (for example giving free online slots spins to sports bettors or heavily marketing casino products to bingo players). Although the direction of causality between being more engaged in gambling and taking part in multiple activities is not clear, PHE’s evidence review found that the number of different gambling activities individuals participate in is a risk factor for harmful gambling in young people, and that participating in seven or more gambling activities was associated with harmful gambling in adults. [NatCen’s Patterns of Play](#) research shows that average spend is significantly higher where an account is used for both betting and gaming: average GGY per account in a year was £135 for betting-only accounts, £296 for gaming-only accounts, and £602 for ‘mixed’ accounts. The final report from that project found specifically that engagement with multiple activities is associated with harm, raising important questions about the appropriateness of operators actively encouraging customers to expand their repertoire, particularly to those products associated with a higher problem gambling rate such as online slots. The [behavioural audit](#) of 10 popular online operators referenced above also found that when a new account is created, half of the operators automatically sign the individual up to other brands or products owned by the operator’s parent company. Not only does this maximise attempts to cross-sell, but it also reduces any friction that would have otherwise been associated with creating a new account to take advantage of the promotions.

Our conclusions

41. To ensure that customers have a clear and empowered choice over how and by whom they are contacted, we believe there is a case for additional requirements around how gambling operators must obtain consent for direct marketing not only in customer acquisition activity, but also for existing customers and those signing up. Specifically, we believe there should be an increased level of customer choice around whether they receive promotional offers and if so, what kind of offers they consent to receiving and for which products. For example, a horse racing bettor may wish to receive updates from an operator on the latest odds for upcoming races, but not online slots spins, or a sports bettor may consent to promotional offers around major events, but not want to receive marketing for bingo games. Increasing consumer choice in this way should reduce some of the risks posed by 'cross-selling'.
42. **The Gambling Commission will consult on setting higher standards for operators in obtaining all customers' consent to direct marketing and promotional offers. The below principles could be a starting point for their consultation.** These measures will be in addition to the forthcoming introduction of requirements to not target any direct marketing at those showing strong indicators of risk, as outlined in the Gambling Commission's [requirement 10](#).

Box 9: Proposed principles for consent to direct marketing and promotional offers which the Commission will explore through consultation

- Opt-in to marketing and offers should be clear and separate options at sign-up, not bundled with other consent such as broader terms and conditions and privacy policy.
- Customers should be able to change preferences at any time through their account settings.
- Operators must offer the opportunity to opt-in and out of different forms of communication (e.g. text vs email vs push notifications).
- Customers should be given the option to opt-in to bonuses and promotional offers separately from other marketing, and to set controls regarding which products they receive offers on. Specifically, there should be no 'cross-selling' without user opt-in.

Expected impact

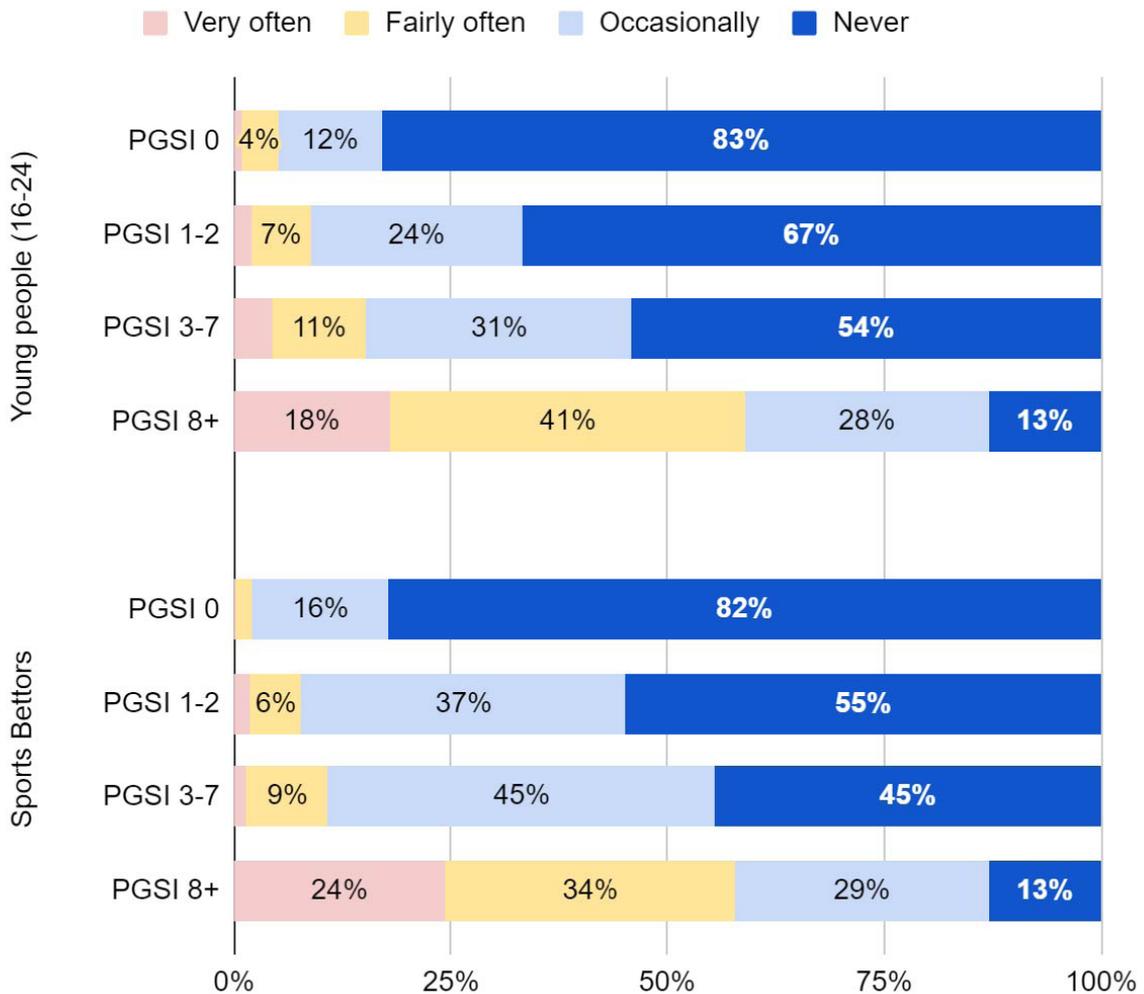
43. Our intention is that these measures will directly address the advertising and marketing practices that are most strongly linked to harm. In ensuring the socially responsible construction and application of bonuses, we will reduce the potential for direct marketing and bonus offers to encourage vulnerable or other individuals to gamble more money, or more frequently, than they had intended. We do not want to restrict operators' ability to use offers to attract new customers or retain existing ones, and acknowledge that 'blunt' measures in this area could unintentionally benefit the black market. We believe that these proposals will meaningfully reduce harms without disproportionate impacts on the sector's ability to compete.
44. The objective to protect vulnerable people from harm is at the heart of this Review and these proposals. These reforms will also benefit everyone who chooses to gamble, by giving every customer increased clarity and control over the communications that they receive, and ensuring that bonuses from operators are offered in a socially responsible fashion.

2.3 Making advertising smarter and safer

45. Alongside direct marketing and the targeting of individuals discussed above, the general gambling advertising landscape, both online and offline, attracted significant attention in submissions to the call for evidence. It is clear that the risks posed by gambling advertising are not uniform across the population, and that [people respond to different types of adverts in different ways](#). Adverts such as TV, radio and online banner ads tend to influence a lower percentage of viewers to begin or increase gambling than those on social media.
46. Equally, higher risk gamblers are more likely to report spending money as a result of seeing any form of advertising. Researchers from the Universities of Glasgow, Stirling and Edinburgh found the same trend across two survey groups (16 to 24 year old gamblers and non-gamblers surveyed in 2019, and adult regular sports bettors surveyed in 2020). The vast majority (around 80%) of respondents with a Problem Gambling Severity Index (PGSI) score of 0 reported that seeing gambling advertising never prompted them to spend money gambling when they were not otherwise planning to. However, the proportion whose gambling behaviour was affected by advertising increased alongside PGSI score, with almost 60% of the highest risk group (a score of 8+, indicating 'problem gambling') in both surveys reporting that they 'very' or 'fairly' often spent money gambling as a result of exposure to advertising.

Figure 10: Impacts of advertising and marketing on gambling behaviour by Problem Gambling Severity Index (PGSI) score, on two different cohorts of gamblers

In the last 12 months, how often did gambling advertisements prompt you to spend money when you weren't otherwise going to do so?



Source: Heather Wardle et al, [Emerging Adults Gambling Survey](#) and [Betting and Gaming COVID-19 Impact Study](#) (data obtained for these studies supplied directly to DCMS by Dr. Wardle)

Online advertising

47. Given the established impacts of online advertising, especially on those at risk, it is essential that operators use advertising technology in ways which will mitigate rather than exacerbate harms. At present, we know operators heavily target engaged gamblers. Evidence submitted by a major charity found that even occasional gambling substantially increased online advertising exposure, with around 40% of those who gambled once a month reportedly being served 4 or more ads a day. This means it is likely that the minority experiencing serious harm from their gambling are not only seeing more gambling adverts than others, but are also more likely to spend money as a result of seeing them.

48. In 2020, the Gambling Commission [challenged the industry](#) to make improvements in this area, and the most recent edition of the IGRG Code includes important commitments to use ad targeting technology to ensure ads are only targeted to an audience aged over 25 and ‘de-target’ those who are likely to be experiencing harm. However, there are still gaps: an ‘[avatar monitoring](#)’ exercise by the ASA in 2021 has shown that ‘child’ avatars were served gambling ads with roughly the same frequency as ‘adult’ ones on mixed-audience websites (such as gaming, study, or news sites), suggesting that little to no age targeting is in place in these contexts.
49. A further key component of the online advertising landscape is social media, which has been found to have a particular impact on children and young people, and accounts for an increasingly large proportion of their gambling ad exposure. Data from the [Gambling Commission’s online tracker survey](#) shows that younger adults are more likely to follow operators on social media than older adults, and more likely to spend money as a result of operators’ posts than older age groups. In [Gambling Commission’s Young People and Gambling report 2022](#), 44% of 11 to 16 year olds had heard or seen adverts or promotions relating to gambling on social media, and 13% reported following a gambling account on social media. Novel approaches to marketing have also been adopted on social media which may present new risks: research from the [University of Bristol](#) found that ‘content marketing’ posts, where an operator shares content such as memes or sports commentary from a branded account without directly referencing a product or service appealed more to all age groups than traditional advertising, but had a particularly strong appeal amongst children and young adults. [Research from Australia](#) also indicates that for young people exposure to more types of advertising is correlated with gambling participation and harmful gambling.

Our conclusions

50. **We are proposing two packages of reforms to make online advertising smarter and safer: a stronger and more comprehensive approach to targeting and content standards from operators; and a range of online platform safety measures to make it easier for individuals to reduce exposure to gambling content and access support.**
51. **We want operators to make use of available technology to extend commitments to de-targeting children and vulnerable people and age-gating social media.** The industry will commence a review of the sixth edition of the IGRG Code, including considering the extent to which 25+ age filtering could be used with regards to other digital advertising where that functionality is made available.

52. While ‘content marketing’ posts which do not directly advertise a product or service may fall outside of the ASA’s remit, they are a popular marketing strategy with which operators can drive brand engagement and loyalty. The Gambling Commission’s social responsibility codes specify that operators should still apply the principles of the UK Advertising Codes to any content or media that falls outside of the remit of the codes. **To this end, the ASA and Gambling Commission have issued a [joint regulatory statement](#) detailing their approach to content marketing.** The ASA’s powers allow it to rule against [some content marketing posts](#) (e.g. those that an operator has paid to promote), and if the ASA receives a complaint about content that falls outside its remit, the complaint will be referred to the Commission for that body to investigate instead.

Improvements from online platforms

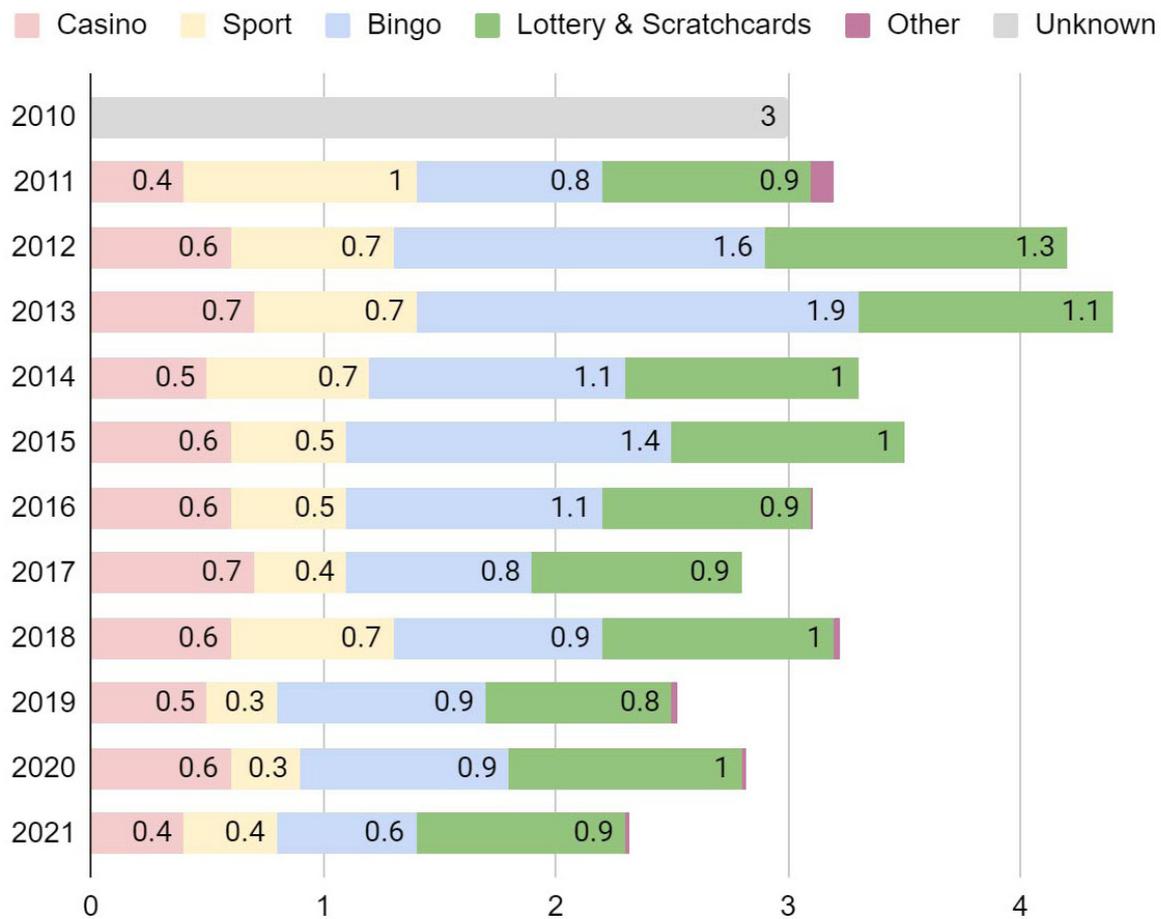
53. Alongside operators themselves, online platforms also have an important role to play in ensuring that advertising is safe and socially responsible. While reforming the regulatory framework governing all actors across the online advertising supply chain is a larger issue to be addressed through the Online Advertising Programme, **we have identified a number of areas where major tech platforms have exhibited good practice which can be expanded to better protect children and those at risk of harm from gambling advertising. We encourage continued progress in these areas:**
- **One-click opt-out from gambling content:** Currently most major platforms offer a good level of user customisation, allowing users to hide ads they do not wish to see, block certain accounts and advertisers, or mute keywords from appearing in their feeds. However, doing this iteratively is a labour-intensive process and may require a user experiencing harm to look up potentially triggering content and terms. Platforms should introduce measures such as those [implemented by Meta](#) and [Snapchat](#) to make opting out from gambling content as straightforward as possible. Where appropriate, an option should also be provided to automatically block verified operators’ accounts.
 - **Safer targeting of algorithmic recommendations:** Frequently platforms will automatically ‘recommend’ content that a social media user’s friends or followers have engaged with, or that otherwise appears relevant to a user’s interests. This means that content from gambling accounts can be shown to users who are potentially under 18 or experiencing harm. Measures should be taken to ensure that operators’ content cannot be algorithmically recommended to users aged under 18, or that have otherwise indicated vulnerability to gambling harms,

or where possible age-gate so that operators' content is not accessible to under 18s as is already the case on e.g. YouTube.

- **Integrated signposting to support:** Many platforms have measures in place to signpost to reliable information or support if a user searches for or posts sensitive content: for example, embedding a link to NHS resources on keywords relating to COVID-19 and vaccination, or the Samaritans helpline number on searches relating to self-harm and suicide. Platforms should wherever possible take steps to signpost users to independent sources of support including the [GambleAware website](#), [TalkBanStop partnership](#), or [NHS treatment services](#), if a user's posts or searches indicate they are struggling with gambling-related harm.

Broadcast advertising

54. In contrast to the above, we received relatively little evidence to highlight particular risks associated with broadcast gambling advertising, although we recognise that the evidence base in this area is still developing. Unlike other forms of advertising, broadcast advertising has a co-regulatory regime, with broadcasters accountable to Ofcom for code breaches and a robust pre-clearance regime, resulting in [significantly fewer breaches of the rules](#). Operators pointed out that only products associated with lower problem gambling rates were permitted to advertise before 9pm, and that measures like the whistle-to-whistle ban have had tangible impacts in reducing children's exposure to gambling adverts and the overall volume of broadcast ads. Broadcasters also provided evidence highlighting that their sector is vulnerable financially following the pandemic, and a loss of revenue from gambling adverts could impair public service broadcasters' ability to meet their obligations.
55. It is also clear that children's exposure to broadcast advertising has declined over the past decade, in all sectors including gambling. A peak in exposure to TV advertising by children aged under 16 in the UK came in 2013, at an average of 229.3 per week, declining to 82.8 per week in 2021. In the same period, the average number of gambling ads seen by under 16s more than halved from around 4.5 to just 2.2 per week, and the ads were predominantly for bingo and lotteries.

Figure 11: Children's exposure to broadcast gambling advertising (impacts/week)

Source: [Advertising Standards Authority](#)

56. Proposals for possible reform in this area were conflicted. A common suggestion for further restrictions on broadcast advertising was for the 9pm voluntary watershed that currently applies to most gambling products to be extended to all gambling products and made statutory. While it is likely that this would reduce the limited level of children's exposure to gambling adverts, there would be a negative impact on the ability of lotteries to fundraise for good causes, and a risk of adverse consequences from increasing the volume of late-night gambling adverts. Late-night adverts were also criticised by a number of respondents as they were perceived to encourage late-night play sessions which have been found to be associated with greater spending intensity. Some responses called for restrictions on the volume of gambling adverts allowed to air, but there would be considerable difficulties in implementing such a policy. Where advertising is permitted, the government does not control numbers of adverts, and there would be serious implications for fair competition and how advertising spaces were allocated.

Our conclusions

57. **The evidence did not suggest that broadcast advertising which is compliant with the current, strict rules (especially following the recent updates to the CAP codes) is likely to pose an undue risk of harm, or that the benefits of any further restrictions would outweigh possible negative consequences.** Compared to other areas within the scope of the Review, such as the growth of online play and the dominance of dynamic or targeted advertising, there has been relatively little change in the broadcast advertising landscape since the Gambling Act's original passage, and the regulatory regime remains strong with few violations occurring. As the measures outlined elsewhere in this chapter are intended to tackle advertising practices which have been identified as particularly of concern, in our view a further tightening on broadcast gambling adverts is not proportionate at this time. It might also risk unintended consequences such as reducing the ability of consumers to distinguish licensed from unlicensed operators.

Affiliate marketing

58. Affiliate marketing is a form of marketing whereby a third party receives a commission for promoting a company's products or services, typically paid per customer referred or with a share of revenue generated by referred customers. Affiliate marketing is predominantly online and widespread across many sectors, with common forms including influencer marketing on social media and 'advertorial' content on news sites and blogs. CAP/ASA have produced [detailed specialist guidance](#) for affiliate marketing.
59. In the gambling sector, online affiliate marketers range from large and well-established sites to individual 'tipsters' working on social media. The industry body Responsible Affiliates in Gambling (RAiG) estimates that there are tens of thousands of gambling affiliates working in the GB market, the majority of which are individuals or very small businesses, and that they drive up to 40% of customer acquisition for remote operators.
60. The Gambling Commission holds licensees responsible for the activities of their affiliates. This means that any breach of licence conditions by a third party contracted to promote an operator's business will be treated as a breach by the operator. New licence conditions were introduced on [operators and their affiliates](#) in 2018, following a series of cases ([LeoVegas](#), [Lottoland](#), and [BGO](#)) where the Gambling Commission took action against an operator for failings by its affiliates.
61. Nonetheless, some submissions to the call for evidence argued that affiliate marketing presents particular risks in the gambling sector, mainly citing concerns that they are less compliant with the advertising rules than operators

themselves. A particular issue which has been highlighted is affiliates' failure to comply with the requirements to cease direct marketing to self-excluded customers. These have led the House of Lords Select Committee and others to argue that affiliates should require their own licences from the Gambling Commission to operate in this country.

62. Alongside regulatory efforts from CAP/ASA and the Gambling Commission, industry submissions also highlighted efforts to improve affiliate marketing standards, such as the formation of RAiG, who require their members to undertake an annual social responsibility audit, and a review scoped by the BGC on the use of affiliates in the gambling sector.

Our conclusions

63. We recognise the importance of affiliates to operators and customers, and that the growth of affiliate marketing is by no means unique to the gambling sector. We also know that issues relating to how affiliate marketing is conducted can have serious consequences.
64. **We are not persuaded by arguments for affiliates to be licensed by the Gambling Commission.** Affiliates' marketing activities are already regulated by the ASA under the CAP codes, meaning that placing additional duties on the Commission would lead to duplication. In addition, the distinct responsibilities and activities of affiliates would require an entirely new licensing regime to be created; and the size of the sector means that it would distort the Commission's remit, which concentrates on gambling operators themselves.
65. While we welcome efforts from industry to raise standards for affiliates, this does not dilute the clear responsibilities the Gambling Commission will continue to place on operators for all activities undertaken in their name. We believe this is the best way to guarantee strong compliance and maintain clear responsibilities. In particular, we are already clear that any direct marketing to self-excluded customers by affiliates will be regarded as a breach of licence conditions by the licensee on whose behalf the affiliate is contacting the customer.
66. The Gambling Commission continues to keep this area under review and will not hesitate to take action if there is evidence of standards slipping. The Online Advertising Programme will also take a wider look at regulation for online affiliates.

Expected impact

67. Advances made in online advertising and adtech in the time since the Gambling Act was passed are no less significant than the growth we have

seen in online play, and it is only right that the advertising rules see reform to reflect the risks and opportunities of the digital age.

68. We believe these proposals will result in an online advertising environment that is safer for children and vulnerable people, while still allowing operators to continue to engage with key audiences. Children's advertising exposure and their ability to engage with operators' content should decrease at the same time as the most recent reforms to the CAP code reduce the potential appeal of gambling content to children. For those who are struggling with harmful gambling, we want to make it as straightforward as possible to opt out of gambling content and advertising, and to close the gaps that mean that individuals who have self-excluded can still be targeted by gambling ads.
69. These proposals are predominantly an expansion of work that operators are already taking forward to reduce children and vulnerable people's exposure to advertising, and as such impact on operators should be limited. We recognise that expanding adtech targeting commitments to paid-for space may make it harder to reach some potential customers but paid-for online advertising will still be permitted alongside many other routes to attracting customers, such as broadcast or appropriately targeted social media advertising.
70. Our proposals in this area are only a small part of the government's overall vision for stronger regulation of online advertising. The Online Advertising Programme is separately considering reforming the existing regulatory framework to ensure fair, accountable and ethical online advertising that applies to all sectors, including gambling, while the ICO's Adtech Investigation will tackle complex data brokerage issues to ensure that personal data is used responsibly in online advertising. We will also continue to keep the evidence base under review.

2.4 A new approach to safer gambling messaging

71. 'Safer gambling messaging' as explored in the call for evidence covers three strands:
 - Information provided to consumers at the point of use for online and offline products, such as the return to player percentage displayed on machines;
 - Messaging embedded in advertising, such as signposting to 'begambleaware.org' in broadcast adverts, or the industry's 'Take Time to Think' campaign;
 - Awareness campaigns, such as GambleAware's Bet Regret campaign (which originated in the government's [last Gambling Review](#)), or TalkBanStop launched by GamCare, GamBan and GAMSTOP, which point to specific interventions individuals can take to mitigate gambling-

related harms. These campaigns may also raise awareness of the different kinds of risks and harms that gambling can cause.

72. Gambling Commission Licence Conditions and Codes of Practice already contain requirements in both the [land-based](#) and [online](#) sectors that information about the odds of winning is disclosed to players of certain games at the point of purchase. However, many respondents to our call for evidence thought this was inadequate to ensure informed consumption of potentially risky gambling products, particularly high volatility slots games. [One regularly referenced study](#) found that only 46% of online gamblers are able to correctly interpret 'return to player' – the most commonly used metric to convey the chances of winning in online slots. The reliance on consumers to interpret often complex numerical information correctly was also seen as a barrier to informed decisions, especially as [nearly a quarter \(24%\)](#) of working age adults in England have below Entry Level 3 numeracy skills – around that which might be expected of somebody between 9 and 11 years old. It was also suggested that point of purchase messaging could also be used to communicate a wider range of risks including potential health harms.
73. Stakeholders proposed a variety of ways that product information could be made more informative and accessible. Some industry responses proposed that additional metrics such as payout volatility could help (i.e. how much fluctuation there is in the frequency and/or size of the payout during a session), while others called for all pertinent information to be presented in clear lay terms such as the '1 in x chance of winning' framing used for National Lottery instant win games. The industry is carrying out its own research in this area, with a project launched through the [BGC's Game Design working group](#) looking at best practice for communicating material information on slot games, including chances of winning and payout volatility, at the point of purchase. Some responses argued that product ratings according to a risk index such as [ASTERIG](#) could be used to inform product-specific risk warnings. However, the [limitations](#) of such tools are documented in research, and further research is needed to understand the risk of unintended consequences such as distorting player perceptions of risk (explored further in the previous chapter's section on [safer products](#)). Some respondents pointed out how this voluntary albeit multifaceted arrangement varies from the finance sector, where the FCA [publishes guidance](#) on how financial promotions must present information about risk (an example is in [Box 10](#) below).

Box 10: Approaches to presenting information on risk and return to player

One academic's submission provided the following example of how a spread betting operator regulated by the Financial Conduct Authority (FCA) explains the risks of spread bets and contracts for difference (CFDs):

- *“Spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **75% of retail investor accounts lose money when trading spread bets and CFDs with this provider.** You should consider whether you understand how spread bets and CFDs work, and whether you can afford to take the high risk of losing your money.”*

[Evidence submitted](#) to the House of Lords Select Committee also included the following example from physical gaming machines in Australia:

- *“Poker machines are programmed to pay out less than you put into them, so the odds are you will lose...The longer you play a poker machine, the more likely you are to lose all the money you have put in the machine.”*

74. An experiment from the [Behavioural Insights Team \(BIT\)](#) looked at how different ways of communicating odds could affect gamblers' comprehension and behaviour. They found that the industry standard 'return to player' messaging (e.g. 'the theoretical average return to player for this game is 93%') was associated with lower comprehension than expressing the odds in terms of money lost (e.g. 'Players of this game lose £7 for every £100 based on average') with an indicator of volatility ('this average is based on millions of spins over a game's lifetime'). Greater comprehension of the odds was also linked to fewer participants choosing to play, and [other research led by Dr Philip Newall](#) has shown including a volatility statement can lower gambling expenditure. This evidence suggests that a simplified approach to communicating cost of play information could be more impactful and reduce harm compared to the currently permitted 'return to player' approach. However, this effect was more pronounced amongst participants not at risk of gambling-related harms, and those in the 'moderate risk' and 'problem gambler' categories had significantly lower comprehension scores overall. This suggests that different approaches are needed to reduce harm in higher and lower risk groups.
75. Beyond messaging at the point of purchase, the approach taken to safer gambling messaging in advertising since 2005 has predominantly been a self-regulatory one, with the industry funding, designing and delivering its own campaigns. Good practice guidance and mandatory inclusion of safer gambling messages in broadcast ads are set out in the IGRG Code, and

Betting and Gaming Council members are required to dedicate 20% of broadcast advertising to safer gambling adverts. They mainly do so under the banner of the recently launched 'Take Time to Think' campaign. The third sector also plays an important role: in addition to the campaigns mentioned above, GambleAware recently launched a National Gambling Treatment Service campaign targeted at women to encourage them to access treatment and support. Evaluation of these campaigns is key to understanding their impacts and effectiveness.

76. Most responses to our call for evidence agreed that awareness raising campaigns have a role to play in mitigating gambling-related harms, but there was a lack of consensus on the most appropriate way to design and implement them. Many respondents calling for greater controls were critical of the industry-led approach and thought that public health bodies should own and lead messaging on gambling-related harms, flagging issues such as current messages having [poor visibility](#) in adverts and being less widespread for online advertising where inclusion is not mandatory. Branded 'safer gambling' ad spots containing calls to action such as 'enjoy award-winning online casino safely' were also heavily criticised.
77. While GamCare's [Industry Code for the Display of Safer Gambling Information](#) has improved standards for the display of information on operators' own websites, there is not an equivalent standard in place for the display of messaging in advertising. A chief concern for some respondents was that industry-led messaging could be undermined by a potential conflict of interest as gambling operators are simultaneously responsible for promoting their products and warning of the risks they could pose (which many argued they could not be trusted to do fully). Some respondents also argued that current narratives, particularly 'play responsibly' messaging, could stigmatise those experiencing harm and transfer responsibility to prevent harm from the operator to the individual.
78. Most respondents, including those within the industry, recognised the need for safer gambling messaging to go beyond a vague 'play responsibly' message. We now have a greater evidence base on the type of messaging that can have the greatest impact and potential to positively influence behaviour, based in part on insights from a range of other public health spheres. Evidence from existing awareness campaigns suggests messages which are framed positively and concentrate on the benefits of safer play are more likely to result in a behaviour change than those which concentrate on the consequences of harmful gambling. For example, Ipsos MORI's evaluation of [GambleAware's Bet Regret campaign](#) found positive results, with the campaign reaching over 60% of its target audience after two years and motivating behaviour change in a significant portion of that demographic. 38% reported they were trying to 'tap out' before placing a bet and [24% reported](#) that they were actively using

'tapping out' to help cut down on their gambling. Recent research from the [University of Bristol and BIT](#), which looked at existing campaigns as well as piloting new messages based on existing insights, further underscored these themes, emphasising that effective messages should: be tailored to target audiences; have an 'authentic, relatable and engaging' tone and aim to produce a positive emotional response; and use clear messaging such as a call to action and identifying signs of harmful gambling. This research also highlighted that people who are affected by another person's harmful gambling are a key target audience for safety campaigns who have been under-served by existing messaging.

79. Further insights have come from the year-long research project by [Revealing Reality](#) which recommends that safer gambling messaging should make use of the full range of marketing expertise that operators possess and fully integrate safer gambling messages into the customer's experience and existing brand messaging. This, they argue, can help make safer gambling tools and interventions as appealing and frictionless as the gambling products themselves. Similarly, some submissions pointed to the international gambling knowledge exchange [GREO's substantial evidence review](#) on gambling-related harm prevention and education, which concluded that a 'one size fits all approach to safer gambling messaging will reduce its value' and that messaging is most effective when it is targeted and specific.
80. Other jurisdictions have introduced a level of state involvement in safer gambling messaging. The [Lower-Risk Gambling Guidelines](#), developed by the Canadian Centre on Substance Use and Addiction, are a set of three principles developed after consideration of the evidence to help individuals manage their risk of gambling harm, modelled upon safer drinking guidelines. The guidelines are: to gamble no more than 1% of household income per month; to gamble no more than four days per month; and to avoid regularly participating in more than two types of gambling. Most recently, in November last year the Australian government introduced a range of mandatory safer gambling taglines to be used in advertising, with options available to operators including: "Chances are, you're about to lose"; "Think. Is this a bet you really want to place?"; and "What are you prepared to lose today? Set a deposit limit".

Our conclusions

81. The evidence suggests it would be beneficial to develop systematic messaging, independent from industry, to maximise the information available to consumers and enable them to make informed decisions with a better understanding of the risks. While we welcome industry efforts to improve the quality of its safer gambling advertising campaigns with the launch of 'Take Time To Think', sole industry ownership of such messaging is not sustainable

in the long term. Safety messaging on gambling-related harms should be led by statutory bodies, drawing on relevant public health expertise, ensuring impartiality and rigorous evaluation.

82. The Prevention of Future Deaths report issued following the inquest into the suicide of Jack Ritchie identified a lack of adequate information on gambling harm and signposting to support as an area for action. We are committed to preventing future tragedies, and recognise that there is a clear role for government to play in taking ownership of messaging to ensure that clear, effective information and signposting is in place. DHSC is working with NHS Digital to enhance the NHS '[Help for problems with gambling](#)' webpage as part of its response to the report.
83. **DHSC, DCMS and the Gambling Commission will work together, drawing on public health and social marketing expertise, to develop a robust approach to informational messaging throughout the user journey, replacing industry owned safer gambling messaging.** We will also work with other experts like the Behavioural Insights Team and GREO to take account of their work to trial and assess messaging such as the Lower-Risk Gambling Guidelines in the live environment. This programme of work will likely consider:
- The different contexts in which safer gambling messages can be utilised (e.g. in advertising, through a public health campaign, or at point of use);
 - Approaches to the content of safer gambling messaging – for example, promoting appropriate sources of support; raising awareness of warning signs for problematic play, safer gambling interventions and behavioural changes; or raising consumer awareness of the risks of gambling and associated harms;
 - Evidence on effective public health messaging from other health sectors and jurisdictions;
 - Suitable evaluation methods and metrics for public health messaging.
84. **Once appropriate campaigns and messaging are developed, the Commission will consult on further requirements for gambling operators to engage with and apply the new messaging appropriately alongside product-based information in order to inform and empower consumers.**
85. **In the shorter term, industry will update the IGRG Code to extend the BGC's existing commitment of at least 20% of TV and radio ads space being safer gambling focused to all advertising space across online and broadcast media.** Inclusion in the IGRG Code will help ensure all operators

abide by the commitment as it has ordinary code status and compliance can be considered in regulatory action by the Gambling Commission.

Expected impact

86. We know from the evidence available that while public health campaigns cannot be used as a universal solution to reduce gambling-related harm, with effective targeting they can help raise awareness among target audiences and promote behaviours to mitigate harms. While the specific behaviours and resources to be promoted through public health campaigns, and which audiences to target, is a matter for further consideration by DCMS and DHSC, we expect that action in this area will lead to greater public consciousness of gambling harms, and greater awareness and uptake of safer gambling tools and sources of support such as the National Gambling Helpline.
87. We will work with public health and social marketing bodies to ensure processes for evaluation are built into the design of new public health messaging and campaigns, measuring their reach, recall of messaging and, most importantly, impact on behaviour. A more varied and targeted approach to public health messaging also has the potential to address specific high-risk audiences, for example young adults who are getting used to new levels of financial independence at the same time as gambling has become available to them (explored further in [section 5.4](#) below).

2.5 Socially responsible sport sponsorship

88. The evidence we have seen on sport sponsorship indicates that it does have a level of impact on gambling behaviour, although this may not be as marked as for other forms of marketing addressed in this chapter. The Gambling Commission's [consumer journey research](#) calculated percentage impact scores (prevalence x encouragement) for different factors that affect gambling. Seeing sponsorships (15%) was less influential than having or hearing about a big win (28% and 27% respectively), or seeing advertising or direct marketing (both 19%) and similar to hearing about other people's negative experiences with gambling (14%).
89. Research from Professor Ian McHale commissioned by the English Football League (EFL), which is sponsored by Sky Bet, looked at data from the Health Surveys and the Gambling Commission's Young People and Gambling Survey, as well as a YouGov survey of football fans. It did not find any correlation between exposure to gambling sponsorship and participation in 11-18 year olds, or significantly higher levels of betting participation from fans of a club or league with betting sponsorship. However, the small sample size for the prevalence surveys limits the statistical power of this research

(i.e. if there were a weak relationship it might not be detectable in surveys of this size).

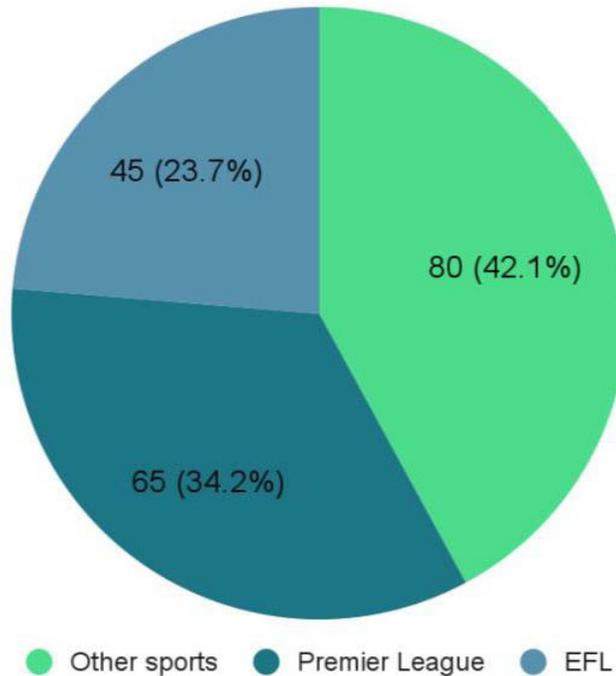
90. Children's exposure to gambling marketing through sport sponsorship is identified as a particular area of concern in other research. [Ipsos MORI's research](#) on the impact of gambling marketing on children (aged 11 to 17) and young adults (aged 18 to 24) found that sport was one of the major channels through which children are likely to be exposed to such marketing. The Committees of Advertising Practice have already acted on these findings to strengthen the advertising codes to protect children by banning Premier League players, amongst others, from appearing in gambling adverts (see [Box 6](#)). In addition, [research](#) by Steve Sharman and others looking at matchday programmes in English football found that the industry of the sponsor was a significant factor in the proportion of pages containing adverts. Teams with gambling shirt sponsors featured not only more 'incidental' gambling references (such as images of the team with logos on kit visible) but also a greater number of gambling adverts in their programmes.
91. In terms of public attitude, we know that attitudes to gambling sponsors in sports are mixed, although they are overall more unpopular with non-gamblers than those who do gamble. Polling from the [Royal Society for Public Health](#) found that a majority of both non-gamblers (66%) and gamblers (56%) supported a ban on gambling advertising in or near sports grounds. Surveys of gamblers found mixed and largely neutral attitudes: almost half of the bettors surveyed in the Universities of Glasgow and Stirling's [COVID-19 impact study](#) agreed that 'it's OK for professional sports clubs to be sponsored by gambling companies' with only around a quarter disagreeing. This is also reflected in polling commissioned by a major operator, which found that only around 20% of past-month gamblers would view a gambling sponsor for their team negatively, and that they were perceived slightly more positively than other possible partners, such as airlines or lager brands. Overall, however, this polling indicated that the most common attitude to potential shirt sponsors, across the sectors included in the question, was 'no strong feelings'.
92. Stakeholders with personal experience tended to strongly support a ban on gambling sponsorship with several mentioning that reminders of gambling brands can be triggering, and that the 'saturation' of gambling sponsors made it difficult for them to follow sports they had previously enjoyed. As with advertising more broadly, it appears that while sponsorship is rarely the factor causing the development of harmful gambling, it can still exacerbate impacts for those who are already suffering harms.
93. We have also seen evidence that indicates more can be done to ensure sport sponsorships are carried out in a socially responsible fashion. In 2021, seven Premier League and Championship clubs were found to be hosting links to

their betting partners on children's pages on their websites. As gambling operators are held responsible for their affiliates and third parties they were in clear breach of [CAP's rules](#) and Licence Conditions and/or Codes of Practice imposed by the Gambling Commission, with West Ham's sponsor Betway incurring a [£400,000 penalty](#) as a result. A number of operators involved in high profile sponsorships have also been subject to enforcement action. One such operator entered into an arrangement with the owner of website '1xBet' (which entered sponsorship arrangements with Chelsea, Liverpool and Tottenham Hotspur). The operator terminated their white label arrangement with 1xBet following enforcement action by the Gambling Commission in 2019. There are also concerns over a lack of transparency in the operations of 'white label' sponsors that do not primarily target GB customers (discussed in the [previous chapter](#)), and whether their overseas operations should be promoted, as in the case of Norwich City FC's now cancelled sponsorship deal with BK8 for the 2021/22 season.

94. Evidence we have received indicates that there could be serious financial impacts, particularly for sports and leagues outside the Premier League, including at grassroots level, if gambling sponsorship were removed without an alternative source of funding in place. As shown in [Figure 12](#) below, gambling sponsors contribute around £45 million per year across the EFL's three leagues (including Sky Bet's title sponsorship). Gambling sponsors also account for a significantly higher proportion of overall revenue in the Scottish football leagues, due to a comparatively lower-value broadcast rights package. Several submissions raised concerns that if gambling sponsors were banned it would reduce the competitiveness of the sponsorship market.
95. While gambling sponsorship is most often discussed in the context of professional football, we also received evidence from many other sports governing bodies detailing the contribution gambling sponsors make to their sports, with some smaller sports close to dependent on operators for sponsorship revenue despite attempts to diversify in recent years. A number of areas of the sport sector continue to experience financial challenges as they recover from the impacts of COVID-19, and even sports that have benefited from Sport Survival Package funding will regain their independence more slowly if a major source of sponsorship revenue is cut off without a viable replacement.

Figure 12: Breakdown and value of revenue to sports from gambling sponsorship

Estimated distribution of annual sponsorship revenue from gambling across sports (£m)



Source: DCMS analysis of figures from evidence submitted by sports bodies

Our conclusions

96. **Sports bodies need to ensure a responsible approach is taken to gambling sponsorship through the adoption of a Code of Conduct which will be common to all sports. For individual sports we believe that sports governing bodies are best placed to drive up standards in gambling sponsorship, recognising their specific context and responsibility to their fans. We welcome the work that is underway through sports governing bodies to develop a gambling sponsorship Code of Conduct, and will continue to support its development and implementation across the whole sporting sector.**
97. The measures included in a sponsorship Code need to be robust enough to provide meaningful improvements in the social responsibility of gambling sponsorships, while giving flexibility to accommodate the material differences between sports. In particular, we envisage that separate measures will apply to horse racing and greyhound racing due to the specific and long established nature of the sectors' relationships with gambling operators. Additionally, to recognise the major role that the National Lottery plays in funding British sport, the Code would not apply to National Lottery branding in sports that benefit from Lottery funding.

98. Governing bodies across many sports already rightly have rules in place governing relationships with gambling companies for the purpose of maintaining integrity, and in future there should also be rules in place to guarantee social responsibility. There is scope to learn from existing social responsibility efforts in gambling and other sectors, such as the [Portman Group code of practice for sponsorship by alcoholic drinks brands](#), which mandates that alcohol sponsorships must include a commitment to promote responsible drinking and/or support community activities, and the social responsibility measures that form part of the EFL's contract with Sky Bet, such as ensuring that gambling sponsorships are not present in family areas in stadia. [Box 11](#) sets out some possible principles to guide the code.

Box 11: Example principles for a sponsorship Code of Conduct

A commitment to reinvestment of funds from sponsorship into development/grassroots activities;

- Kits without sponsor logos to be ensured for athletes aged under 18 or adults who have religious or health reasons to object to wearing gambling sponsors; and replica kits without logos to be available in adult sizes;
- In stadiums used for professional-level competition, gambling advertising should not be visible in or from dedicated family areas;
- Operators to cover costs of education for sportspeople and staff on gambling-related harm from an independent provider;
- A proportion of sponsorship inventory to be used for dedicated safer gambling messaging, compliant with the programme of work at [section 2.4](#) of this chapter;
- A commitment only to accept sponsorship from firms operating under licence from the Gambling Commission.

99. Compliance with a Code of Conduct could be guaranteed from within sports themselves through enforcement by governing bodies. The Gambling Commission has [clear rules for operators relating to marketing activities](#), including the promotion of sponsorship arrangements, which it will continue to enforce. It will also continue to hold operators responsible for the actions of their third parties. We will continue to work closely with sports governing bodies to identify the most effective way to enforce the sponsorship Code of Conduct. Options might include individual sports governing bodies' rulebooks incorporating the Code's provisions or through inclusion in the gambling industry's IGRG Code.

Sports with strong appeal to children and vulnerable people

100. Initiatives such as the ‘whistle-to-whistle’ ban have had a [positive impact](#) in reducing children’s exposure to adverts, and the most recent changes to the CAP code banning content with ‘strong appeal to children’ will significantly change the gambling advertising landscape, ensuring that the content of gambling adverts reflects the age-restricted nature of the sector. However, we recognise that sports sponsorship remains an environment where children may be exposed to gambling brands. Overall, indirect exposure to gambling marketing around sport is high, including among children, and can be particularly challenging for those already suffering gambling-related harms.
101. One of the most significant impacts of the [recent changes to the CAP code](#) banning content with ‘strong appeal to children’ is the categorisation of content featuring sports stars. All content featuring Premier League footballers and esports stars is now deemed as ‘high risk’ in terms of appeal to children and unsuitable for use in most adverts, while professional footballers in lower leagues and professionals in other sports is considered ‘moderate risk’ and considered on a case-by-case basis.
102. **In line with changes to the advertising rules, the Premier League has agreed that from the end of the 25/26 season gambling logos will no longer appear on the front of players’ shirts.** We welcome this step taken by the League, which will reduce children’s exposure to gambling logos, particularly when reproduced in children’s products such as stickers and video games, and will help to break the association children may form between gambling brands and their role models on the pitch. Premier League clubs will still be able to maintain other forms of gambling sponsorship, such as in stadiums, providing it adheres to existing rules on social responsibility and provisions in the forthcoming sponsorship Code of Conduct.
103. Up to [40% of the UK population](#) watches live Premier League coverage, meaning that reducing the visibility of gambling sponsors should result in a meaningful reduction in exposure to gambling branding for millions of children and adults alike. The reduced exposure to sponsorship during matches that this measure will achieve in the world’s most popular league will complement the existing whistle-to-whistle ban, which prevents gambling adverts from being broadcast during live sporting events.
104. A few submissions to our call for evidence highlighted the esports sector, which is growing fast and has significant appeal to children and young people, and increasingly to betting operators – with GGY from the esports betting sector growing from around £50,000 in March 2019 to [over £1.5m in March 2020](#). The ASA’s ‘strong appeal’ guidance also recognises esports, like Premier League footballers, as high risk content in terms of its inherent appeal

to children. It is therefore important that as part of supporting esports, we establish a socially responsible sponsorship culture as the sector continues to grow. We will engage with video games stakeholders such as industry bodies, tournament organisers, and publishers of popular esports games to develop and implement ground rules, for example potentially limiting gambling sponsorship in competitions that are accessible to under 18s.

Expected impact

105. The standards to be enshrined in the Code of Conduct for sponsorship will ensure that, where it does appear, the public can have confidence in the social responsibility of the arrangement, and in turn its potential impact on children and vulnerable people. We are challenging the sports and esports sectors and the industry to set a high standard for social responsibility, with the potential not only to improve standards in gambling sponsorship but also to provide a model for responsible sponsorship by other sectors. A Code of Conduct for gambling sponsorship will complement the principles already in place for alcohol sponsorship through the Portman Group code, as well as further developing the established culture of self-regulation in the sport sector. We will continue to monitor the impact and level of compliance with the new measures in the Code.

Chapter 3: The Gambling Commission's powers and resources

Summary

- The Gambling Commission was created by the 2005 Act as the primary regulator for the gambling sector. We will ensure it has the powers and resources it needs to pursue the licensing objectives, with the flexibility to meet challenges like the black market or boundary pushing products. We propose measures in four key areas:

Gambling Commission's approach to the licensed sector

- The Gambling Commission will take a more ambitious approach to enforcement, using data from operators and more specialist staff so it can continue to improve regulation of the industry and keep pace with technological changes.
- We will review the Commission's licence fees during 2024 to ensure it has the resources to continue improving how it delivers its core responsibilities and the commitments across this white paper.
- The Commission has been taking steps to ensure it can effectively respond to novel products which blur the line between gambling and other areas and will continue work in this area.
- The Commission has a broad range of powers that enable it to regulate the industry effectively but there are some small changes that could be made around its ability to investigate operators, including improving the Commission's responsiveness to changes of corporate control.

Gambling Commission's approach to the unlicensed sector

- When Parliamentary time allows, we will seek to further tackle illegal online operators by legislating to give the Commission powers to require for example internet service providers (ISPs) and payment providers to stop providing their services to black market websites. This will enhance the Commission's business disruption capabilities.

Fees

- We will review the Commission's licence fees to ensure it has the resources to continue its transformation and deliver on the commitments across this white paper.
- When Parliamentary time allows, we will give it greater power to set its own fees in response to the challenges it foresees, in line with many other regulators.

Research, education and treatment (RET)

- We will introduce a statutory levy paid by operators and collected by the Gambling Commission. We will consult on how the levy will be constructed, including the rate at which it will be set and the total amount to be raised.
- The commitment made in 2020 by four major operators to direct increased contributions to the independent charity GambleAware, including a cumulative £100 million for treatment services, will continue to be delivered in full to provide funding certainty and support the delivery of planned programmes of work.
- Building on the evidence gaps identified in Public Health England's review, government will work closely with UK Research and Innovation (UKRI), the umbrella body which brings together the seven research councils, Innovate UK and Research England to stimulate interest in gambling research and explore options around rapid response research funding. We will jointly organise a series of workshops later this year with researchers, third sector partners and the Gambling Commission to stimulate interest in the gambling research field.
- The Commission will build on the expansion of datasets it collects from operators for regulatory purposes to develop a rich resource that will strengthen the evidence base on gambling and inform data-led regulatory action. It will explore how this anonymised regulatory data can be shared with researchers.

3.1 The current position

1. The Gambling Commission is the lead regulator for commercial gambling in Great Britain (as gambling is devolved in Northern Ireland). It is responsible for issuing gambling operating licences as well as personal licences for individuals performing specific functions within businesses. Its core functions are to ensure that only those suitable to hold such licences are granted them, to ensure that those with active licences comply with all the Licence Conditions and Codes of Practice (LCCP), and to take enforcement measures where a licensee fails to meet these high standards. The Commission can also investigate and take action against gambling sites and operators which are illegally targeting the British market without a licence.
2. The Commission's regulation of commercial gambling is funded from fees charged for licences and permits, which are set in secondary legislation by the DCMS Secretary of State at a level that is intended to recover the full costs of regulating the gambling market. Fees payable vary depending on the type of activity involved and the scale of the operation, reflecting the different risks they pose. Every fee in every fee band must be specified in legislation, which is an inflexible and time-consuming process.
3. The most recent uplifts to Commission fees were in October 2021 and April 2022. In October 2021, fees for online operators were increased by 55% and application fees by 60% and in April 2022, non-remote licence fees were increased by 15%. The aim of this increase was to boost the Commission's response to technological developments, such as product and payment innovation, changes in the size and shape of the market, and increasing risks associated with unlicensed operators and the 'black market'. The proportion of total industry Gross Gambling Yield (GGY) paid in fees to the Commission is around 0.2%.
4. Unlicensed sites can pose a variety of risks to customers, including allowing access to those who have self-excluded from gambling through GAMSTOP. In 2021/2022, [the Commission prioritised 89 cases of unlicensed gambling](#), which resulted in 23 cases of Internet Protocol (IP) blocking and 2 instances of the website being suspended. Most sites are based in overseas jurisdictions where prosecution would be impractical; while the Commission has partnerships with overseas regulators, its main method of dealing with illegal sites currently is to undertake disruption activity via internet service providers (ISPs), platforms and payment providers. These third parties are acting on a voluntary basis to prevent illegal activity via their platforms and services.
5. The Commission is also dealing with an increase in the number of novel products from both licensed and unlicensed operators, with many blurring the line between gambling and other markets such as financial investment and

video games. Some of these products, such as Football Index (which no longer operates), have included use of language and imagery that is most commonly associated with the financial sector. The Commission has taken action following the [independent review of Football Index](#) to implement those recommendations, including enhancing its licensing approach to novel products and agreeing a memorandum of understanding with the Financial Conduct Authority.

6. Funding for gambling research is available both from government via UKRI and through a system of annual contributions from industry to fund research, education and treatment of gambling-related harms. While the requirement to contribute is mandatory as set out in the LCCP, industry has discretion over the amount and the destination as long as recipients are on [a list of bodies approved by the Gambling Commission](#). Much of this funding is currently directed to and distributed via the charity GambleAware. The Gambling Commission also has a programme of research and can directly commission research to inform its regulation, but this focuses primarily on monitoring gambling participation and prevalence of gambling-related harms.
7. Our [call for evidence](#) posed a series of questions relating to the Gambling Commission's powers and resources and received responses from industry, campaign groups and members of the public. Details of the evidence and our proposed response are outlined below by theme.

3.2 Gambling Commission's approach to the licensed sector

Approach to enforcement

8. Many submissions to our call for evidence agreed that the Gambling Commission has wide-ranging and sufficient powers to effect change in operator behaviour. However, there were different views about whether the Commission achieves this. In particular, some industry submissions said the Commission needed to improve its transparency, evaluation of its work and how it works with the industry. Non-industry groups argued that the Commission needed to impose larger fines that impact operators more meaningfully or be more willing to suspend and revoke operator licences where appropriate. A smaller number argued that the Commission needed more powers to deliver its objectives. These included more flexible regulatory powers to allow it to quickly introduce new changes when necessary, more access to player data and greater powers to tackle the black market.
9. The Commission has a wide range of powers to deal with operators which do not abide by their licence conditions, ranging from warnings and enhanced compliance procedures to licence reviews and formal enforcement action, including fines which are paid to the Treasury. In practice, without a formal

basis in statute but as set out in its [Licensing Compliance and Enforcement policy statement](#), where an operator admits fault and agrees to make the necessary changes, the Commission may also agree to the operator making a payment to socially responsible causes in lieu of a fine. During the financial year 2022/2023, operators were required to pay £60.7 million, comprising 13 financial penalties paid to the Treasury’s consolidated fund and eight regulatory settlements. The Commission also took action to suspend three operator licences and revoked one licence during this period.

10. The Commission’s approach to enforcement changed significantly in 2017 when it unveiled a new strategy to tackle operators which breach their licence conditions and relevant codes of practice. The key changes included introducing higher penalties for breaches, particularly when there are systemic or repeated failings. As shown in [Figure 13](#) below, these changes resulted in significant increases in the amount of fines and payments in lieu of fines over the last five years. Since April 2016, the Commission has also revoked 14 operator licences and 66 personal licences, often due to operators failing to adhere to social responsibility and anti-money laundering rules.

Figure 13: Gambling Commission – Penalty Packages



Source: Gambling Commission data

11. Despite the increase in penalty packages, the [House of Lords report](#) and submissions to our call for evidence argued that greater financial penalties should be imposed on operators to change their behaviour, on the basis that fines which are small compared to operator profits may be considered ‘the cost of doing business’. The Commission also highlighted that in spite of the

increases since 2017, it has continued to find operators breaching their licence conditions, particularly the social responsibility codes. It has indicated, including in a speech by its Chief Executive to the GambleAware conference in 2021, that repeated failings are an aggravating factor and [tougher action will be taken against repeat offenders](#). Any previous non-compliance is taken into account when deciding what action is appropriate in light of the new failings, and also when considering the type and the severity of any sanction which may ultimately be imposed as a result of enforcement action.

12. In addition to the obligations on operators in the Gambling Commission's LCCP, many businesses have taken voluntary steps to go further than the minimum requirements to ensure gambling is safe for customers. In particular, trade bodies often have agreement to various voluntary codes as conditions of membership (an overview of the current codes is at [Annex D](#)). We welcome these additional steps which businesses have taken to ensure their operations are safe and sustainable, and welcome the continual drive to raise standards which can then be underpinned by licence conditions to ensure compliance across the industry. We also note that compliance with voluntary codes may be relevant in deciding operators' suitability to hold a gambling licence during Gambling Commission enforcement action.

Our conclusions

13. **The government and the Commission are clear that an enhanced approach to compliance enforcement is required to effectively monitor the industry and ensure that operators are abiding by the rules.** This will include more active oversight of operators beyond the Commission's current approach, which requires operators to report key information on a regular basis but targets compliance activity and checks on a risk-based and intelligence-led basis. Reviewing the data collected from operators on a regular basis will form an important part of this work, offering opportunities to identify areas of non-compliance and risk of harm at an earlier stage, in particular for online operators. It is supported by existing powers in the Gambling Act for the Commission to make data requests as part of its regulatory activities.
14. With increased resources in due course, the Commission plans to invest in its data systems in order to better understand consumer behaviour and operator compliance. This should involve more timely data to enable quicker assessment of the risks to consumers and to enable regulatory action to be taken more swiftly where necessary. Increasing the amount of data that the Commission collects from operators will improve its capability to regulate the gambling industry in a modern way and will allow it to identify compliance issues at an earlier stage.

15. In a market where the largest companies account for a large proportion of gambling, the Commission will also explore options for an enhanced account-based compliance approach that will include dedicated team members assigned to the largest operators on a permanent basis. Such an approach would allow for dedicated team members to develop in-depth knowledge and understanding of these operators, which will also enable earlier intervention. The implications of these proposals for operator fees are discussed in [section 3.4](#).
16. The Commission also [responded](#) in June 2022 to its consultation which included consideration of the use of its financial penalties. Firstly, the Commission has amended its policy so that it can consider the resources available to the licensee and any parent or group company when assessing the extent to which a financial penalty is affordable. Its [Licensing, Compliance and Enforcement policy](#) has been changed so that it is clear it can request additional financial information from a licensee's parent company or wider group structure in order to determine the extent to which an operator can afford a financial penalty.
17. In addition, the Commission has clarified when it may decide to consider or agree to a regulatory settlement with an operator. It is currently finding that on too many occasions settlement proposals are made at a late stage of its investigation process. The Commission's [Statement of Principles for Licensing and Regulation](#) makes clear that settlements are only suitable when a licensee is open and transparent, makes timely disclosure of the material facts, demonstrates insight into apparent failings, and is able to suggest actions that might prevent the need for formal action by the Commission. Settlements are only intended to be accepted in cases where all these criteria apply so that it can expedite the delivery of the appropriate regulatory outcome. The Commission has indicated its commitment to this approach and will strictly apply it. Over time, the Commission will continue to consider its policy and processes for enforcement to ensure effective enforcement outcomes are delivered.
18. These proposals will have clear resource implications for the Commission. Therefore, the government will review the Commission's fees to ensure it has the resources it needs to carry out these and other proposals in this Review. Further detail on the Commission's fees is outlined below in [section 3.4](#).

Gambling Commission's powers

19. The Commission has a wide range of powers that allow it to regulate the industry effectively and respond to any emerging risks, particularly through the LCCP which all licensees must adhere to. This has been demonstrated over

the last few years, including through the implementation of the ban on credit cards and making membership of GAMSTOP compulsory through the LCCP.

20. While the Commission is able to respond with its existing powers to many issues that arise, it has advised that certain issues have emerged due to operators becoming larger, more organisationally complex and internationally-based. The increased complexity of operators' business structures has made it increasingly difficult for the Commission to manage requests for changes of corporate controls and identify and assess the ultimate beneficiaries of applicants for licences. The Commission has found that carrying out due diligence on a new owner to ensure that the licensing objectives are being met can often be complex and challenging. The current process to assess these changes of control is taking up a considerable amount of the Commission's time as it often has to pause applications to consider significant suitability concerns or open a licence review.
21. The Commission has also advised that some of its powers concerning investigations could be enhanced to better protect consumers and hold operators to account. In particular, it is concerned that licence holders are able to take action that can hinder or frustrate an investigation, including surrendering their licence during the course of the investigation. Surrender of a licence means that an operator whose actions were causing concern is no longer able to offer services to customers in Great Britain, which may address the principal concern. However, it can mean that a former licensee is able to avoid a fine as a result of its failings during the period that it held a licence.

Our conclusions

22. **When Parliamentary time allows, we will legislate to give the Commission additional powers to assess and regulate new business owners, reflecting the increased complexity of the entities that it regulates.** We will also look at the case for providing further powers to ensure that licensees are not able to interfere with the Commission's ability to conclude its investigations or move their finances to reduce the size of their fine.

Approach to 'financial' and 'novel' products

23. In recent years, some products have started to blur the boundaries between gambling and investments or operators have marketed their platforms in such a way. Some of these products use emerging technologies, such as non-fungible tokens, further increasing the complexity.
24. Football Index was a novel betting platform that allowed customers to place bets on the future performance of footballers. These bets lasted for three

years, with payments called dividends being made according to a player's performance. A player's value could rise or fall in line with their on-pitch performance and other factors like media coverage. The product evolved to let customers buy and sell bets, with price fluctuation largely driven by consumer demand. Due to a range of factors, including the impact of COVID-19 and the suspension of football in March 2020, Football Index collapsed in March 2021 and its licence was suspended. It subsequently entered into administration.

25. The government commissioned an [independent review into the regulation of BetIndex Ltd](#) (the operator of Football Index). The review provided a detailed and objective account of the regulatory circumstances around the granting of a licence to BetIndex Ltd, its subsequent suspension and the company's ultimate financial failure. The actions of both the Gambling Commission and the Financial Conduct Authority (FCA) actions were scrutinised and recommendations made on areas for improvement.
26. The review set out a range of recommendations for the Gambling Commission and the FCA, including on how they worked together. Both regulators have taken a number of steps to address points identified in the review, including agreeing to a strengthened Memorandum of Understanding which includes new escalation routes to make sure regulatory impasses and overlaps are identified and quickly overcome. The FCA has additionally nominated an Executive Director to oversee the relationship with the Commission, and continues to pursue its programme of change as set out in its July 2021 Business Plan.
27. In response to the recommendations, the Gambling Commission has updated its framework for how it assesses risk so that product novelty is fully considered. It also published its [response](#) to a consultation on important changes and updates to its Licensing, Compliance and Enforcement Policy in June 2022. This makes it explicit that the Commission will not normally grant a licence to products whose name, branding, marketing or game rules contain language associated with financial products (such as "stock") which might give the impression that they are an investment rather than a gambling product. The Commission is also unlikely to license products where some element may also fall to be regulated by the FCA or other regulators. There are currently no products which are regulated both by the Commission and FCA but two operators are separately regulated by both organisations because they offer both spread betting and fixed odds betting products.
28. The Commission considers that products which push the boundaries with financial products are a risk to the second and third licensing objectives: to keep gambling fair and open, and to protect children and other vulnerable persons from being harmed or exploited by gambling. These changes provide

greater clarity to applicants that gambling products that could be mistaken for an investment are unlikely to be licensed by the Commission.

29. Following the publication of the independent Football Index report, we also committed to looking at whether gambling companies should do more to demonstrate their ability to cover liabilities arising from long term bets, especially if they make up a large proportion of their business. The Commission has considered this issue and has concluded that its primary action in this area is to change its approach to licensing products in which long term bets might appear to the customer to be more like investment or financial products. As outlined above, the Commission consulted on amendments to its licensing approach to make clear that it will not generally license products which appear to the consumer as investment or financial products. These changes came into effect in June 2022. These changes, alongside the new agreement between the Commission and FCA, will help to strengthen the response to products which blur boundaries between gambling and other products in future.
30. Separately, the government is also closely monitoring the cryptoasset market and other products in the financial sector that utilise Distributed Ledger Technology (DLT). In most circumstances, these types of products do not constitute gambling and fall outside of the Commission's remit. HM Treasury recently published a [consultation](#) that sets out the government's proposals for the UK's financial services regime for cryptoassets. It builds on previous HM Treasury proposals, which focused on stablecoins and the financial promotion of cryptoassets. The proposals seek to deliver on the ambition to place the UK's financial services sector at the forefront of cryptoasset technology and innovation and create the conditions for cryptoasset service providers to operate and grow in the UK, whilst managing potential consumer and stability risks.

Approach to the protection of customer funds

31. Licensees are required by the Commission to provide information to customers about whether customer funds are protected in the event of insolvency, the level of such protection and the method by which this is achieved. As part of the Commission's [Review of Online Gambling](#) (2018), a package of work was undertaken to assess the risks and options around customer funds. This led to changes to the protection rating system, which provided greater transparency to enable consumers to make informed choices. The Commission has also clarified the definition of customer funds, so that consumers can better understand the protections offered.

Our conclusions

32. **The Commission will continue to consider the requirements for the protection of customer funds. It will conduct a review of the status of customer funds protection across the remote industry to help inform consideration of whether further strengthening of requirements is necessary.**

Expected impact

33. The Commission's ambitious change to its enforcement approach, coupled with amendments to its investigatory powers, will ensure that it is in a strong position to be able to monitor the industry and take action against operators who fail to meet the required standards. The enhanced approach to monitoring operators will provide it with a comprehensive view of the operators that are and are not complying with the rules in a timely manner. Combined with the changes the Commission has made following its consultation on licensing and enforcement and the legislative changes we have proposed, it will be better enabled through its powers to penalise operators who have not abided by the law. The government hopes that this approach will raise standards across the industry and therefore ensure that customers are protected adequately and that gambling is free from crime.

3.3 Gambling Commission's approach to the unlicensed sector

34. Submissions from industry and campaign groups differed on whether there is currently a significant black market for gambling or a risk of one emerging. Industry submissions citing a [report commissioned by the Betting and Gaming Council from PwC](#) suggested there has already been an increase in the black market, and that this is due to a competitive edge that the 2019 increase in remote gaming duty and the 2020 ban on credit card gambling has given to unlicensed operators. Responses from some campaign groups, parliamentarians and academics strongly disagreed and said that the industry was exaggerating the size of the illegal market in order to deter the government from imposing tighter restrictions on the licensed gambling sector.
35. Estimating the size of the gambling black market is difficult for several reasons. Firstly, sites can appear, disappear and change without warning. Secondly, until its recent fees uplift, the Gambling Commission's resources for responding to the black market were concentrated on acting on complaints and intelligence with a risk-based approach. However, consumers may only complain to the Commission about a website when something goes wrong, for example, when they are unable to withdraw funds from their account. Some may also seek out ways to access sites that do not intend to offer facilities to consumers in Great Britain, in order to obtain better odds or to continue to gamble after self-exclusion.

36. Given these challenges, there is limited existing literature on estimates of size. However, some research has been undertaken in addition to the PwC report; for example, the [European Commission in 2017](#) estimated that illegal sports betting accounted for 2.2% of the total online sports betting market in the UK. The [Danish Gambling Authority's 2022 Report on illegal gambling](#) estimates that the online gambling channelisation rate (the percentage of all gambling that takes place legally) is 98% in Great Britain and therefore the black market accounts for 2% of online gambling. From the limited evidence that is available, we would assume that the size of the black market does not currently account for more than 2.5% of remote gambling that takes place in Great Britain.
37. The black market is relatively easy for people to access who are actively trying to find and gamble with illegal operators online. The Gambling Commission, as well as evidence from the Review, has shown that unlicensed sites pose an increased risk to the most vulnerable consumers. In particular, they are increasingly targeted at people who have self-excluded via GAMSTOP and therefore are unable to gamble with licensed operators. The Commission is also seeing an increasing number of illegal websites that originate in jurisdictions with either extremely permissive regulatory regimes or no regulatory oversight, and/or are being run by individuals with suspected links to serious and organised crime.
38. Illegal websites pose a range of risks to the consumer and society. Consumers have no assurance that the operator meets the same standards of fair treatment that is required of licensed sites, or that it is run as a legitimate business and not involved in crime. There may also be problems with how the site functions, such as consumers not being able to withdraw funds or not having anyone to contact if they have a complaint. These websites may also allow activity that is unlawful in itself, such as allowing credit cards to be used or allowing children to gamble.
39. The Commission currently uses an intelligence-led approach to tackle illegal gambling operators. In most cases, it will initially issue a Cease and Desist letter, requiring the operator to stop offering services to or permitting access by British consumers. Some breaches of the law are inadvertent and the operator will agree to geoblock its services. If the letter is unsuccessful, the Commission will employ disruption techniques, using its partnerships or relationships with other companies. This includes asking web hosting companies to suspend or 'block' (IP block) British consumers from accessing the websites, contacting payment providers to remove payment services and liaising with social media sites to prevent websites appearing on search engines or being hosted.

40. The Commission also engages with international regulators, sharing information and raising the prominence of this issue. While the Commission has a long track record of working with such regulators, it would like to further strengthen those arrangements, and is seeking to reach agreements with gambling regulators in other jurisdictions to take more effective action when an operator licensed in one jurisdiction operates illegally in another. This would mean that an operator licensed overseas could face regulatory action in that jurisdiction for operating without a licence in Britain. Similarly, operators licensed in Britain could face action by the Commission if they were found to have operated illegally in the jurisdiction of one of the Commission's international partners.
41. The Commission has also held constructive discussions with Google regarding the advertisement of websites that are aimed at people who have self-excluded through GAMSTOP. Google has now removed paid-for Google Ads promoting 'Not on GAMSTOP' affiliate sites which pose a risk to vulnerable consumers. It has also removed the 'People also ask' and 'Related searches' functions from 'Not on GAMSTOP' type searches which were signposting people to similar content. These are helpful and positive steps which should make it more difficult for people to access these types of harmful websites.

Our conclusions

42. While voluntary agreements with payment providers to block sites are working well in some instances, we intend to introduce a provision that will give the process statutory backing, similar to the business disruption measures that are set out in the Online Safety Bill. **When Parliamentary time allows, we will introduce legislation that will give the Gambling Commission the power to apply to the court for an order that requires ISPs, payment providers and other providers of "ancillary services" to implement measures aimed at disrupting the business of an illegal gambling operator.** We expect that in most cases service providers will as at present act on the information provided by the Commission, and it will not be required to use its power to apply for a court order very often. However, it will mean that the Commission can have confidence that a service provider will take action when asked, and can apply to court as a last resort. It will also mean that the Commission will have enforceable deadlines in place so the process cannot drift or be unnecessarily delayed. Using a court order rather than introducing a simple legal duty to remove unlicensed sites will have benefits in ensuring that this process is subject to procedural safeguards, will give service providers certainty about the actions they are being asked to undertake, and will mean that if an order was to be disregarded it could be enforced as a contempt of court offence.

43. The Commission will need to specify to the court the operator that it would like to disrupt, evidence that it is acting illegally and explain the requirements that it would like to be imposed on the ancillary service (for example, for a payment provider to remove their payment services).
44. The increase to the Commission's fees which came into force for online operators in October 2021 and land-based operators in April 2022 will also enable it to build its capacity and capability to identify and tackle those operators who are providing illegal gambling services to British consumers more actively and systematically. As outlined in the consultation which preceded the uplift, some of the increase in income has been devoted to more staff that are able to both identify the scale of the black market and take action to tackle illegal operators. Such an increase in resources will not only allow the Commission to take action themselves to disrupt such sites but will also give them greater capacity to work in partnership and act in a coordinated way with regulators in other jurisdictions.

Box 12: Online Safety Bill – Ofcom's enforcement role as an example of business disruption powers being conferred on another UK regulatory body

- The [Online Safety Bill](#), which was introduced to Parliament in March 2022, will ensure that for the first time, tech companies are going to be accountable to an independent regulator to keep their users, particularly children, safe. At the same time, the Bill will defend freedom of expression and the invaluable role of a free press. Platforms that fail to protect the public will need to answer to the regulator, Ofcom.
- Ofcom will aim to encourage compliance but it will have a suite of enforcement powers available to use against companies who fail to fulfil their duties. They will be able to issue confirmation decisions that direct companies to take specific steps to come into compliance or remedy the failure to comply, and issue fines up to £18 million or 10% of qualifying global revenue in the relevant year, whichever is higher.
- **In the most serious instances of non-compliance or risks of harm, Ofcom will also have the power to apply to the courts for “business disruption measures”. These are court orders that require third parties to withdraw services or block access to non-compliant regulated services. This approach is technology neutral to encompass future changes to how the architecture of the internet functions.**
- There are two types of business disruption measures – “service restriction orders” and “access restriction orders”. Service restriction orders may require providers of “ancillary services” to take steps to withdraw such services in

order to disrupt the provision of a non-compliant provider's regulated service in the United Kingdom. For example, an order could require an advertising service to cease the provision of its service to a non-compliant provider's regulated service. Access restriction orders will require third parties who provide an "access facility", such as internet service providers and application stores, to take steps to impede access to a non-compliant regulated service.

- We intend to take a similar approach by giving the Gambling Commission the power to apply to court for such an order and use these powers to disrupt illegal gambling operators.

Expected impact

45. This set of powers will enable the Commission to disrupt illegal gambling operators without necessarily requiring the voluntary cooperation of ISPs or payment service providers. This should ensure that consumers, particularly those who are vulnerable, are better protected from illegal operators which are unlikely to offer the same safeguards that exist on legal sites.

3.4 Gambling Commission fees

46. The vast majority of submissions to the call for evidence from outside of industry supported a substantial increase in the Gambling Commission's fees, and an increase in flexibility, to enhance its effective regulation of the gambling industry. They pointed out that the resources of the Commission are small compared to the financial power of the industry that it regulates and relative to other regulators.
47. Responses to the call for evidence regarding the use of financial incentives to encourage compliance from operators were mixed. Some industry submissions suggested those who demonstrate effective governance and procedural controls should pay lower fees, although a number of other submissions from industry were strongly against such a proposal.
48. The [National Audit Office found](#) that the requirement to adjust fees by statutory instrument "makes it more difficult [for the Commission] to invest in new skills to quickly address changing risks". It also highlighted that inflexible funding negatively impacts "the Commission's ability to ensure consumers are protected from ... new risks". The report recommended that a [review of the current fee model](#) be carried out, including looking at the way that licence fees could be used to create financial incentives on operators to raise standards. Providing more flexibility should help the Commission pursue a more ambitious approach to regulating the sector.

49. This white paper also proposes an ambitious step change in gambling regulation and the regulator must have the funds it needs to match this level of ambition. The most recent uplift to the Commission's fees was intended to allow it to meet its ongoing challenges while the Review was carried out. The consultation was clear that a further review of fees might be necessary depending on the outcome of the Review, and the Commission will be crucial in delivering many of the proposals set out in this white paper. The Commission, under new leadership, has also set out an ambitious vision for how it should regulate the industry, which was not factored into the last fees review.

Our conclusions

50. **When Parliamentary time allows, we propose to replace the current requirement for the Secretary of State for Culture, Media and Sport to review fees and specify each fee in secondary legislation.** A key goal for a revised system will be to enable the Commission to adjust its fees on an annual basis where necessary, increasing or reducing as appropriate, so its overall income remains at the right level to respond to challenges, cover the cost of its regulation and allocate these costs fairly between operators. The current system for Gambling Commission fees is unusual compared to other regulators, whose regimes for setting fees are outlined in [Box 13](#).

Box 13: Comparing Regulatory Bodies' Fee Models

Ofcom

- Ofcom is given its powers to set fees by primary legislation which requires it to publish the principles behind its approach to setting licence fees and charges, called the 'Statement of Charging Principles'. It must hold a public consultation whenever there are proposals for changes to those stated principles.
- These principles are fixed and allow Ofcom to set a budget at the start of the year, adjusting for any over- or under-recovery from the previous year. This budget is used to set fees for the year and can change without consultation with DCMS, as long as it is within a spending cap set by the Treasury. The spending cap is agreed with HMT as part of the spending review process. Ofcom will usually carry out an informal consultation if fees increase.
- If Ofcom requires additional funding that would take its spending above the spending cap, it must put forward a business case to DCMS and HMT.

Financial Conduct Authority

- The FCA is entirely funded by the fees and levies it receives from the firms it regulates. It runs an annual fees consultation cycle that includes a consultation on the fee rates for the following financial year that is published in March/April. It will then publish feedback on the responses received to its fees consultation alongside the final fees and levy rates that it will be charging in June/July. It also produces several other consultations each year, including a specific one relating to its policy on how it raises fees and levies.
- The amount payable by each fee payer will depend on the type of regulated activity that the firm carries out, the extent of its activities and how much it costs the FCA to regulate these types of activities.
- Numerous pieces of legislation enable the FCA to charge fees to cover its costs and expenses in carrying out its functions, including the Financial Services and Markets Act 2000. This Act also specifies that the FCA has a general duty to consult.

51. The government intends to change the system for setting Gambling Commission fees from the current requirement for government to consult and lay a statutory instrument (which in practice has happened on average every four or five years) to an annual process, whereby the Commission itself will consult on its proposed fees for the following year and set out how this money will be spent. It will also develop and consult on a set of principles governing how it will set its fees. If these principles change, then the Commission will also be required to consult on any of these changes. The Commission should be able to show how it intends to spend its income on different sectors within the industry, with (as under the current system) those sectors that require greater regulatory attention being required to pay more than others. We will also consider whether such a system should allow the Commission to set fees based on the performance of operators if appropriate.
52. The fees will not be specified in secondary legislation as they are now and the Commission will be given the power to enact the changes to its own fees, subject to any approvals that may be included in the new process, such as the Secretary of State's consent, and any envelope set by government. However, a new funding model will include a comprehensive and transparent performance framework set out in the Management Agreement with DCMS. These changes will require primary legislation to amend the 2005 Act and a further consultation will take place on the details of the new funding system.
53. We will also conduct a review of the Commission's fees in 2024 following the range of consultations that will be launched following this review. Once we

have a clearer understanding of the changes that will be implemented following the consultation process and any new requirements that will be placed on the Gambling Commission, we will work with the Commission to understand what level its fees should be set at. This review will also take into account any funding required to undertake its new approach to regulation and enforcement that has been outlined above.

Expected impact

54. Changing the Commission's fee model will enable it to respond flexibly in the medium to long-term to emerging regulatory challenges and ensure that each sector is paying a fair fee for regulation of the industry. Ultimately, it will provide the resources the Commission needs to regulate the industry efficiently and effectively. Reviewing the Commission's fees will also ensure that it can deliver the proposals set out in this white paper and fund its new approach to regulation and enforcement.

3.5 Research, education and treatment

Funding

55. A licence condition requires operators to make an annual financial contribution to one or more organisations which deliver or support research into the prevention and treatment of gambling-related harms, harm prevention approaches, or treatment for those harmed by gambling. The amount is not specified, as this is a Gambling Commission licence requirement rather than a levy.
56. [Section 123](#) of the 2005 Act contains a provision to enable the creation of a statutory levy which would be payable to the Commission to fund projects related to addiction to gambling, other forms of harm or exploitation associated with gambling, or any of the licensing objectives. However, no government has used these powers to date. When the Act was introduced, the gambling industry agreed to provide financial support for tackling problem gambling. Sir Alan Budd's review, on which the Act was based, said that it should raise £3 million per year, a target met for the first time in 2006/07.
57. Arrangements for collection and management of industry donations have changed over the years, but a key component remains the central commissioning of nationwide services by the charity GambleAware (formerly the Responsible Gambling Trust) which has helped develop the research, education and treatment landscape for gambling. GambleAware historically asked operators to give 0.1% of their Gross Gambling Yield to provide an income of c.£9-10 million.

58. In July 2019, following meetings with the then DCMS Secretary of State, five major operators (now four due to mergers) committed to increase their annual contributions from 0.1% to 1%, in incremental steps over a four-year period. The proposed increase in spend would be, in part, used to provide a cumulative £100 million for treatment over the first four years (to 2024). This has led to a significant increase in the money available in the voluntary system, with some other operators also increasing contributions. GambleAware received [£34.7 million](#) from industry in 2021/22, with £26 million donated by the four operators. Beside the main funding given to GambleAware, some other industry contributions under this licence condition go directly to other bodies which the Gambling Commission recognises as suitable recipients for the purposes of this licence requirement on operators.
59. GambleAware uses these funds to commission treatment services, including a network of counselling services across the country and the National Gambling Helpline, both led by the charity GamCare, as well as a research and evaluation programme now focused on treatment and prevention. Until recently it provided an annual £1.2 million to help fund NHS specialist treatment services, but in March 2022 NHS England announced that from April 2022, it would no longer accept this funding due to concerns about the source of funding. GambleAware also produces national safer gambling campaigns to raise awareness and encourage behaviour change in relation to gambling-related harms.
60. Internationally, there is no standard mechanism for funding research, prevention and treatment. New Zealand as well as some Australian states such as New South Wales and Victoria use a hypothecated tax. Canadian provinces tend to have high levels of expenditure addressing gambling harm paid for out of general taxation; but all have specific proportions of their total revenue derived from specific taxes on gambling. In Europe, Spain is an example where general tax revenue funds almost all spending on treatment, prevention and research. In other countries, state monopolies may use part of their profits. In Denmark, the regulator has responsibility for funding public health campaigns. In the Netherlands, gambling legislation requires that all online operators pay an annual levy (which was increased in October 2021), a fixed percentage of which supports the Addiction Prevention Fund.

Call for evidence responses

61. Most submissions to the call for evidence which addressed the issue of funding for research education, and treatment supported the introduction of a statutory levy to fund projects and services to tackle and treat harmful gambling. Submissions from Parliamentary groups, health stakeholders and academics argued that the voluntary nature of the funding gives too much influence to the industry, that it does not give enough long-term certainty to the

organisations delivering research, education and treatment projects, and that some operators do not pay their fair share. Many said that introducing a levy would reflect a “polluter pays” principle, based on the assumption that operators responsible for those forms of gambling which cause a higher degree of harm should pay correspondingly more for a levy which would to a large extent be used to fund treatment for – and research into – those harms.

62. Conversely, industry argued that calculating the social costs of gambling in order to recoup these costs is inherently complex. Submissions also pointed to the c £2 billion each year paid in gambling duties and the fact that industry pays licence fees to maintain an effective system of regulation. It also pointed to the large sums contributed voluntarily to research, education and treatment. One operator suggested that while they did not support a mandatory levy, there would be merit in improving the transparency of contributions made by operators.
63. The difficulty involved in establishing the cost of the harms caused by gambling using the existing evidence base is borne out by the [PHE evidence review](#), which found that the majority of the research on gambling does not allow us to determine that gambling came before the harm. The review found mostly cross-sectional studies linking gambling to harm, with more longitudinal research needed to isolate the causative role of gambling in the harms people experience in order to estimate a more accurate cost. The relationship between gambling and some harms, such as mental health issues, is not always straightforward and can be bi-directional. Gambling may cause or contribute poor mental health and wellbeing for some people, but for others, poor mental health may cause or contribute to harmful gambling. Where operators have breached licence conditions which are designed to protect customers, the Gambling Commission already uses its significant powers to order substantial fines and financial settlements.

Gambling as a research topic

64. While the history of the voluntary funding system and the existence of the levy power mean research, education and treatment for gambling are often considered together, the issues are in fact often distinct.
65. As with all fields of research, qualified researchers from universities and other organisations such as businesses and charities can apply directly to UKRI to fund research on gambling. UKRI, a non-departmental public body sponsored by the then Department for Business, Energy and Industrial Strategy (BEIS), brings together the seven disciplinary research councils, Innovate UK and Research England. The total [UKRI allocation](#) is £25.1 billion for 2022 to 2025 and will reach over £8.8 billion in 2024/25. The scope of the issues covered by

the Economic and Social Research Council (ESRC) and the Medical Research Council (MRC) are most relevant to gambling as a topic.

66. However, between 2005 and 2021, [just 112 studies with a focus that included gambling were funded by UK Research Councils or the National Institute for Health Research \(NIHR\)](#) compared with 691 [for alcohol](#). Evidence we received from one researcher suggests that just 6.6% of academic papers published containing empirical research on gambling behaviours and policies between 2019 and March 2021 were from British-based researchers. Three researchers account for nearly 40% of all British studies published on gambling in academic journals between 2019 and 2021.
67. Unlike for alcohol, substantial funding for gambling-specific research, as well as education and treatment, is available through the system of voluntary donations from industry outlined above. Despite there being no barrier to accessing UKRI funding, a perception has to some degree developed that this voluntary funding is the only source of funding.
68. Submissions from academics and researchers to the call for evidence argued that the voluntary system and the relatively limited levels of research directly commissioned by the Gambling Commission meant that gambling research projects to inform regulation lacked sufficient levels of coherence, diversity, sustainability and independence. They said gambling research has attracted a narrow pool of researchers, in part because of reluctance to accept voluntary funding originating from industry donations and the consequent low status of gambling as a research area.
69. Others pointed to difficulty accessing operator data without being dependent on the goodwill of the industry. Unlike alcohol, a key input for gambling research is operator data. There was widespread support for the creation of a data repository which would be available to researchers, though specific proposals as to the extent of the repository and the sort of data it would collect ranged widely. While the majority agreed that operator data regarding consumer behaviours at the individual account level would be fundamental to any repository, others also argued for datasets around treatment demand and access, complaints, and wider commercial data.
70. Submissions to the call for evidence also made clear that given that many academic and research institutions are reluctant to receive funding which has been provided through voluntary donations from industry, it is imperative that more high quality and peer-reviewed research is carried out by academics receiving funding through established UKRI funded channels.

Treatment

71. As outlined above, NHS England has ceased its co-funding arrangement with GambleAware. [The 2019 NHS Long-term Plan \(LTP\) committed to expand coverage of NHS services for people with serious gambling problems through the creation of up to 15 specialist gambling clinics by 2023/24](#). Up to £15 million of funding was committed by the NHS for the same period with annual recurring funding of £6 million beyond 2023/24. While treatment of gambling-related harms is not currently mainstreamed across the NHS, limited numbers of people may seek support through existing services such as Mental Health Services and Improving Access to Psychological Therapies (IAPT).
72. There is also ongoing work to improve treatment provision in Wales and Scotland. Currently, gambling treatment services and support in both countries are mainly provided through primary care and the voluntary sector, though those in need of more specialist treatment services may be referred to the National Problem Gambling Clinics in London and elsewhere in England. The Welsh Government has worked with key partners to undertake a [gambling health needs assessment which it published in February this year](#) and will inform the development of specialist treatment services in Wales. The Scottish Government is working with Public Health Scotland to develop an understanding of the scale of harmful gambling in communities by reviewing and developing Scotland-level data. The [NHS Inform](#) site also includes information on gambling treatment services and support in Scotland.
73. In England, there are currently eight NHS specialist gambling clinics in operation, including a national children and young persons' clinic (part of the National Problem Gambling Clinic in London), covering London and the North East, North West, Yorkshire, South of England and West Midlands.
74. Wider work led by Department for Health and Social Care (DHSC) with regard to mental health and suicide prevention also takes gambling harm into account. In January 2023, the government announced that it will publish a Major Conditions Strategy, with an interim report expected in the summer. The Strategy will set out a shift to integrated whole-person care, tackling the conditions of cancer, cardiovascular disease, chronic respiratory diseases, dementia, mental ill health and musculoskeletal conditions. DHSC recognises that many stakeholders will have contributed to the previous consultations, including one on mental health, and will set out opportunities to contribute further in due course.
75. On 24 January 2023, the government also confirmed that it will publish a new cross-government National Suicide Prevention Strategy for England later this year. Work on the development of the strategy is now underway and will consider the link between suicide and issues such as harmful gambling. DHSC

will engage with key stakeholders, across both the gambling and health sector, during this process.

76. The Gambling Commission also expects licensees to notify it when they become aware that a person who has gambled with them has died by suicide. To strengthen provisions in this area, the Commission has [launched a consultation](#) to add a more specific reporting requirement to [Licence Condition 15.2.2](#). This would impose a specific reporting requirement on gambling licensees to notify the Commission if they become aware of a customer's suicide, even if there is not an obvious link to their gambling. Separately, the Chief Coroner has reminded coroners of the role of the Gambling Commission in one of his regular bulletins.
77. As the main commissioner of treatment services, GambleAware continues to provide support and treatment covering a wide spectrum of need outside of severe cases of gambling-related harm and addiction seen through the specialist NHS clinics. In 2021/22, [GambleAware allocated c.£13m on treatment](#), commissioning services from GamCare, which provides counselling services and also operates the National Gambling Helpline, and the Gordon Moody Association, which provides residential treatment services for severe cases of gambling addiction.

Our conclusions

78. The government has given careful consideration to whether a statutory levy as provided for in [section 123](#) of the Act should be introduced. It is acknowledged that many stakeholders in academia, health and public health feel strongly that such a levy should be created. On the other hand, treatment services and research in other public health areas are not generally funded through hypothecated taxes.
79. When we last considered this issue in 2018, much of the debate centred around the quantity of funding provided by industry. This has increased substantially since then and during the course of the Review the Betting and Gaming Council offered to further increase voluntary contributions across its wider membership representing 90% of the industry. Online members of BGC offered to pay 1% of GGY, matching the commitment of the four biggest operators in 2019, and land-based casinos to pay 0.4%.
80. As mentioned above, the largest four operators have directed their contributions to the charity GambleAware which has supported the provision of important research, prevention and awareness raising projects, and crucial treatment services. GambleAware is an independent charity and has had no industry trustees since October 2018 and the industry has no role in commissioning decisions.

81. However, we believe there is further scope to increase the demonstrable independence of spending, government oversight regarding commissioning decisions and the available investment in high quality research to inform policy and regulation. Our aim is to improve the provision of high-quality research on gambling and align treatment services commissioned by the NHS and third sector, ensuring those experiencing gambling-related harms are able to access the treatment and support they need when they need it. Further details on how this will be progressed are outlined below and we also outline a number of initiatives to stimulate interest in gambling research, including with research council funding, and to help build the evidence base.

A strengthened system of funding for research, education and treatment (RET)

82. We welcome the significant contributions industry has made to RET since the introduction of the Gambling Act, and the substantial increase in funding the largest gambling operators have made available for treatment in recent years. However, we recognise that a sufficient quantum of funding is not the only requirement for effective RET arrangements and this alone will not achieve our objective for a system which is equitable, ensures a high degree of long-term funding certainty and guarantees independence. **We think therefore that the mechanism for funding projects and services to tackle gambling harms should no longer be based upon a system of voluntary contributions.**
83. **Government will introduce a statutory levy paid by operators and collected and distributed by the Gambling Commission under the direction and approval of HM Treasury and DCMS ministers.** We will consult on the details of how the levy will be designed including proposals on the total amount to be raised by the levy and how it will be constructed ensuring that a rate is fairly and proportionately set. Our consultation will take into account the differing association of different sectors with harm and/or their differing fixed costs.

Measures to increase high quality gambling research

84. **The government and key partners, including UKRI and the third sector, will bring forward a range of initiatives which will increase the amount of high-quality independent research into gambling.**
85. The government, including both DCMS and DHSC, will work with UKRI to build interest, capacity and investment in the gambling harms research field in Great Britain and identify research priorities. These could include evidence gaps identified in PHE's evidence review, such as the impacts of different forms of advertising (including sponsorship) across the population, generating longitudinal data, or exploring the transferability of interventions from other public health areas or jurisdictions to reduce gambling-related harms. We will

organise a series of workshops later this year, hosted with UKRI, to stimulate interest in gambling research among researchers across a range of academic disciplines. As part of this, we will work with UKRI to explore the development of rapid-response funding to support research into fast-paced developments in the gambling field as well as longer term funding options for longitudinal research and opportunities to grow the academic community in the UK.

86. Following PHE's evidence review, the Office for Health Improvement and Disparities (OHID) will work with national and regional teams, other government departments and key stakeholders to address the knowledge gaps identified in the review and improve data collection, including data to support treatment planning and delivery.
87. **As the regulator, the Gambling Commission plays an important role in our understanding of gambling-related harms. Following a review of its fees in 2024, the Commission will also take an enhanced role in directly commissioning research to inform regulation based on its ongoing assessment of regulatory priorities to prevent harm. The work it is doing to improve collection of participation statistics and its future work to make more data available to researchers will also be important contributions and are outlined further below.**
88. Although it is withdrawing from commissioning research except where it directly relates to prevention and treatment, GambleAware is providing funding for a new, first of its kind Gambling Harms Research Centre to broaden the range of academic disciplines engaged with gambling harms research in Great Britain. £4 million of seed funding will be given over three years to the [University of Bristol](#) to build and diversify research capability in the gambling harms field. This Centre will determine its own research focus, taking a public health lens, and fund itself through research grants following the initial funding period.

Measures to improve data on gambling harm

89. Under [section 26 of the Gambling Act 2005](#), the Commission is responsible for advising the Secretary of State on the manner in which gambling is carried on as well as the incidence, effects and regulation of gambling in Great Britain. Collecting and disseminating information relating to the extent and impact of gambling in Britain forms an important basis for this advice. The Commission therefore collects gambling participation and harmful gambling prevalence data via surveys of adults in Great Britain and makes this information available to the public.
90. In June 2020, following a consultation, the Commission started piloting a new set of survey questions designed to better understand the incidence, nature and severity of harm experienced by gamblers and non-gamblers. A refined

set of questions has now been developed and were included in a pilot survey last year.

91. **In May 2022, the Gambling Commission published the results from this pilot, which looked at responses from around 1,000 participants. This new way of collecting data was successful in attracting participants and generated a good response rate across the whole of Great Britain.** 1.3% of respondents to this pilot were classified as problem gamblers, according to the Problem Gambling Severity Index (PGSI). This was higher than the Health Survey for England (HSE) 2018 estimate but could be due to a number of factors, including the pilot having somewhat higher rates of past year gamblers than the HSE. This is not an official statistic and further refining of the methodology and survey will be undertaken. The Commission has since entered [a 12 month experimental phase](#) focusing on two key areas: (i) **encouraging both gamblers and non-gamblers to complete the survey and refining survey questions to better capture the incidence and nature of harms associated with gambling**; and (ii) **developing a refined gambling activity list and information on gambling participation, including data on expenditure.** The aim will be to make this part of the official statistics framework this summer.
92. **The new methodology will consolidate current surveys into one population survey run on a quarterly cycle, and collect better data that allows for the nuance and complexity of gambling-related harms to be explored and understood in a responsive manner.** This will inform its regulatory action and support more detailed research into gambling in due course.

Measures to improve access to data

93. The gambling industry generates significant amounts of data, which can be analysed to gain insight into how different groups of people gamble on different products and in different gambling environments. Understanding whether some gambling products, behaviours or environments are more harmful than others can inform interventions and policy to minimise gambling-related harms and promote safer gambling practices. In addition, the data is valuable for researchers in general to investigate a range of other questions including those related to spending, lifestyles and attitudes to risk.
94. The *Patterns of Play* data project, commissioned by GambleAware and based on industry-provided data, has been an important step forward in maximising the value of the rich data which operators collect to inform understanding of how players and online gambling interact. It has been very valuable in informing policy development in this Review. We recognise that data is also essential for measuring industry compliance in a meaningful and foresighted way.

95. As outlined above, the Gambling Commission will pursue a robust data-led strategy to bring about a step change in compliance and enforcement. Collecting detailed operator data on a regular basis will form an important part of this work and is supported by existing powers in the Act for the Commission to make data requests for its regulatory activities. Collecting more data will provide rich datasets to assess compliance but will also allow for an increased understanding of consumer behaviour and operator practices which, suitably anonymised, could in turn inform research and understanding of gambling-related harms.
96. **As the Gambling Commission's funding increases, and in turn its capacity to require provision of and analyse data from operators, it will consider how this data could be made available in anonymised form for use by researchers. It would not be appropriate for the Commission to be responsible for a repository of all data relating to gambling in Great Britain, including on areas such as treatment which fall outside of its remit. However, anonymised data originating from its regulatory activity should be a rich source for research.**
97. The precise funding mechanism for raising sufficient resources to develop and sustain the capacity to analyse data will be considered in a detailed review of the Gambling Commission's fees. We will consult on changing the Commission's fees in 2024.
98. Lessons will be learned from other successful data centres in the UK, including the UK Data Service, Consumer Data Research Centre at the University of Leeds, and the Urban Big Data Centre, another ESRC investment at the University of Glasgow.

Measures to increase access to support and treatment services

99. DHSC is leading on improvement of treatment provision through (i) its work with commissioners and providers to develop a coherent and effective treatment pathway which integrates NHS and non-NHS services; (ii) the expansion of treatment provision, supporting the implementation of the remaining NHS specialist gambling clinics and (iii) supporting improvements in standards of care within existing treatment provision including in the third sector. Through working collaboratively with NHS and other key delivery partners, including GambleAware, it wants to ensure those experiencing gambling-related harms receive high-quality treatment in a timely manner.
100. While there is a level of integration between NHS and non-NHS treatment services, for example, through referrals to the NHS by GambleAware commissioned services, we recognise that there are improvements to be made to the treatment pathway. The OHID (part of DHSC) is in the process

of undertaking a needs assessment of the treatment system in England, looking at both NHS provision and third sector commissioned services. This project aims to assess the strengths and weaknesses of existing treatment provision, working in collaborations with key stakeholders. The final report is expected in spring and the findings will provide vital evidence to support improvement of current services. It will also complement the National Institute of Healthcare Excellence (NICE) clinical guideline on gambling treatment, currently in development, and expected to publish in 2024. Separately, to support the development of effective treatment interventions, OHID has commissioned the University of Sheffield to calculate harmful gambling treatment needs and demand at local, national and regional levels. Their findings are due in spring 2024.

101. NHS England has also established a new Gambling Harm Clinical Reference Group, providing a forum for sharing learning and best practice across specialist gambling clinics, while providing clinical leadership for the expansion programme under the Long-Term Plan. This could be an appropriate forum for making progress on strategic aims which further integrate treatment provision across NHS clinics and non-NHS services across the country. Earlier this year the NHS also appointed Professor Henrietta Bowden-Jones, Founder and Director of the National Problem Gambling Clinic, as its first National Clinical Advisor on Gambling Harms.
102. Money raised through the statutory levy will in due course facilitate improved integration of NHS and third sector provided treatment services. This will ensure all those experiencing the varying degrees of gambling-related harms are able to access the support they need when they need it.

Expected impact

103. The government, the Gambling Commission, UKRI and the third sector will together work to stimulate interest, capacity and investment in the domestic gambling research field as an area that is attractive and sustainable for researchers. The greater involvement of UKRI will encourage a multidisciplinary approach to gambling research which will create greater diversity and innovation in knowledge production around gambling. A more substantial role for the Commission in directly commissioning research to inform its regulatory role will also produce further progress in building the evidence base around gambling, supporting our understanding of gambling-related harms and ways to prevent them.

104. While treatment has been largely out of scope of this Act Review, substantial programmes of work to improve and expand treatment provision in England across the full spectrum of need and integrate the treatment landscape are being undertaken collaboratively by DHSC, NHS England and organisations such as GambleAware. Detailed assessments of need are also being undertaken in Wales and Scotland. The priority for government remains that anyone in Great Britain should be able to access effective support and treatment whenever and wherever they may need it.
105. Increased access to operator data for detailed and diverse analyses will be an important part of efforts to develop nuanced understandings of the sector as a whole, operator practices and consumer behaviour. As the Commission's process for requesting datasets from across the sector to support its regulatory purposes reaches a sufficient level of maturity, greater researcher access to this suitably packaged and anonymised data will lead to new areas of – and approaches to – research on gambling. Progress here will help strengthen the evidence base around gambling and gambling-related harms, and buttress work to increase investment and capacity in the gambling research field.

Chapter 4: **Dispute resolution and consumer redress**

Summary

- Between Alternative Dispute Resolution (ADR) providers and the Gambling Commission's contact centre, approximately 2,000 customer complaints per year relate to social responsibility, gambling harm and safer gambling.
- Adjudicating these is out of scope of existing ADR provision. The Gambling Commission can and does take account of trends in complaints and the intelligence they provide when deciding where to target regulatory work, but even if an investigation into an operator finds social responsibility failings, the Commission cannot require it to refund money to customers.
- This leaves consumers with potentially costly and time consuming court action as the only way to seek individual recompense. We will empower them with a new consumer friendly system.

A gambling ombudsman

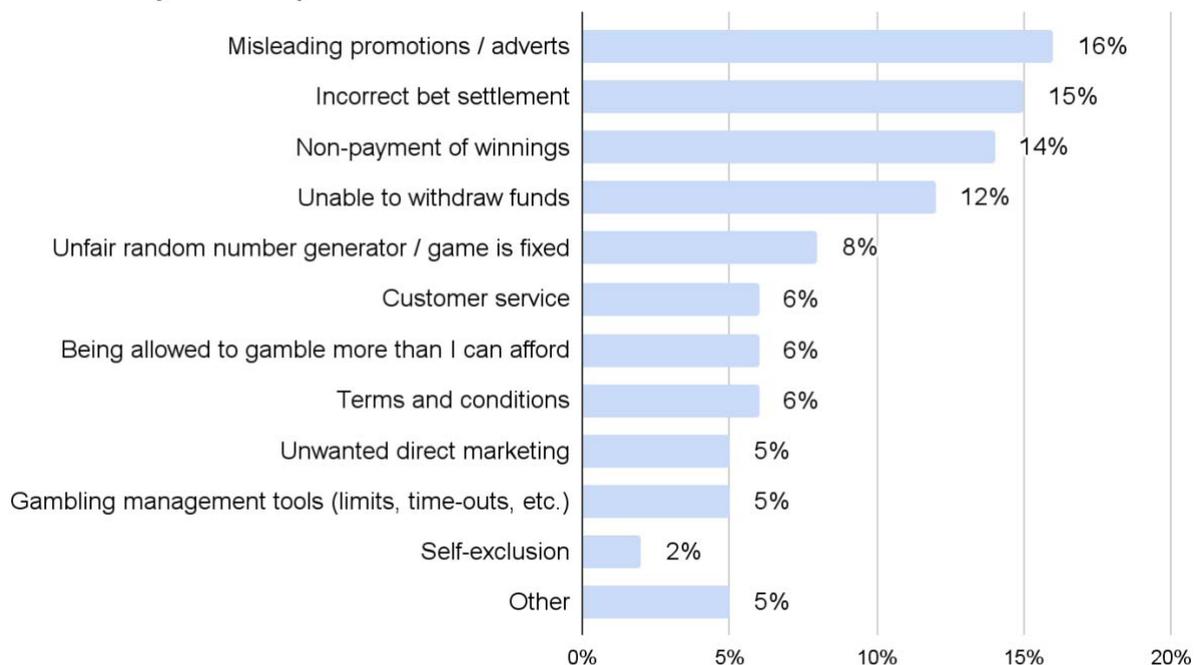
- We want customers to have further protections quickly. We will look at how industry, working with all stakeholders in the sector, can create an ombudsman that is fully operationally independent in line with Ombudsman Association standards, and is credible with customers. The body would adjudicate complaints relating to social responsibility or gambling harm where an operator is not able to resolve these. The information that the ombudsman collates through complaints will also help the Commission in planning its enforcement activity and industry to inform processes and support vulnerable customers.
- We want all licensed operators to provide access to the ombudsman to ensure all customers are protected equally. Subject to industry delivering a credible scheme, where the government and the Gambling Commission are satisfied with its scope and independence, we will explore how best to require that all licensees ensure their customers have effective access to the ombudsman for social responsibility complaints.
- We expect the ombudsman to be established within a year, with the process for appointing it to begin in summer 2023. If this approach does not deliver as we expect or shortcomings emerge regarding the ombudsman's remit, powers or relationship with industry, we will legislate to create a statutory ombudsman.

4.1 The current position

1. As outlined in the previous chapter, the existing legislation and the Gambling Commission's regulatory framework provide protections for individuals in setting rules which operators must follow. Where operators breach these rules, they are subject to compliance and enforcement action by the Gambling Commission and consumer complaints are an important source of intelligence to inform this. However, concerns have been raised in [recent Parliamentary](#) and other [reports](#) that while enforcement action may be taken, this does not involve adjudication of the individual complaint, or the provision of any compensation or redress to the complainant.
2. Consumer complaints in gambling can relate to a wide range of issues. Data from the [Gambling Commission's quarterly online survey \(June 2021\)](#) showed that 8% of respondents said they had ever complained directly to a gambling operator. Non-payment of winnings, account closures, and misleading promotions and adverts were the main areas of complaint shown across ADR, Resolver, the online dispute resolution platform, and the Commission's Contact Centre data.

Figure 14: Gambling Commission breakdown of consumer complaints

What was your complaint about?



Source: [Gambling Commission](#) (Year to December 2020, n = 357)

3. Under the current system, where a customer is dissatisfied with any aspect of the service they have received from an operator, they must start by raising a complaint directly with that operator. Under [section 6.1.1](#) of the Commission's

Licence Conditions and Codes of Practice (LCCP), operators must put into effect appropriate policies and procedures for accepting and handling these complaints. If the customer is dissatisfied with the operator's response, then the operator must provide free access to an ADR provider approved by the Gambling Commission who will independently consider the complaint.

4. The ADR system considers complaints which are contractual in nature (i.e. they relate to an operator's terms and conditions) and can rule on redress. Where cases have a value not exceeding £10,000 (the threshold for the small claims court), it is expected that ADR rulings will be binding on operators (if accepted by the customer). If an ADR provider makes an adjudication for an amount over £10,000 and the operator does not accept the ruling, the customer may pursue it in the court system.
5. The current ADR system is based on the [Alternative Dispute Resolution Regulations of 2015](#), which originate from the [EU Alternative Dispute Resolution Directive of 2013](#). The ADR Regulations set a range of standards which 'competent authorities' – regulatory bodies which oversee ADR within their sectors – must be satisfied that ADR providers meet. These include requirements around: transparent and easy access; relevant expertise; independence and impartiality; effectiveness; and fairness. The Regulations also limit the scope of ADR to 'disputes between consumers and businesses concerning contractual obligations'.
6. For gambling specifically, the Commission must approve all providers and has set specific supplementary standards for ADR in its [guidance](#), including a further definition of what counts as a dispute and heightened expectations regarding independence, transparency, customer service and reporting requirements. As above, the legislative framework restricts the nature and scope of disputes to contractual disputes only.
7. Licensees' obligations around preventing harm, which are set out in the LCCP or Gambling Commission guidance, are not generally part of terms and conditions and so do not form part of the contract between a customer and licensee. Therefore, where a complaint relates to whether the operator complied with the Gambling Commission's social responsibility requirements to prevent harm, it is out of scope of ADR provision. This includes, for example, complaints that an operator allowed a self-excluded customer to gamble, or should have taken greater steps to identify a customer at risk of harm and stepped in earlier to prevent unaffordable gambling. In these circumstances, customers sometimes report their complaint to the Gambling Commission as the sector's regulator. However, the Commission has no power to order redress to individual complainants following social responsibility code breaches. Customers are told that their information will be used for regulatory purposes, but that the Commission will be unable to resolve their individual dispute.

8. Should the investigation result in enforcement action that includes a fine, this is payable to the Exchequer rather than the complainant. Where the Commission agrees a payment in lieu of a fine (a regulatory settlement), this is typically used for socially responsible purposes connected with gambling, in line with the Commission's [Statement of Principles for Determining Financial Penalties](#) and most usually to address gambling-related harm.
9. Where dispute resolution processes between a customer and operator in relation to a social responsibility complaint are not successful, the primary route for individual customers to seek independent adjudication and redress is through the courts. This can be costly, time consuming and potentially inequitable given the resource disparities between the typical complainant and gambling operator. There may also be particular difficulties if the complainant is vulnerable due to gambling disorder or some other factor.
10. The Commission has considered whether it would be possible to incorporate adherence to the social responsibility codes in terms and conditions and thus make them indirectly part of the 'contract' between operator and customer. However, the social responsibility obligations contained in the Commission's licence conditions and associated codes of practice are outcomes-based expectations for the protection of individuals rather than specific terms of the licence or any basis for a contractual relationship. As such, including them as part of the contract would be incompatible with the ADR Regulations.

Evidence

11. Questions in our [call for evidence](#) asked how redress arrangements might be improved and what risks or consequences the government should consider in making any changes.
12. We received submissions from a wide range of stakeholders including trade bodies, charities, researchers, treatment and support service providers, organisations in the dispute resolution landscape, and from across the gambling industry. There was widespread agreement that support for customers seeking redress for operators' social responsibility failures is a gap in current arrangements. Most submissions called for a gambling ombudsman, though there were significant differences in proposals for how best to design a new system, its remit, powers and the specific details around the desired outcomes of the new arrangements. Many stakeholders, including Parliamentary and campaign groups, as well as those with personal experience, said that an ombudsman must be demonstrably independent of the Commission and the gambling industry. We also received evidence on the scale of the existing gap, set out below, and on complexities around redress in gambling cases.

Box 14: ADR and Ombudsman schemes across sectors

- ADR is a process that enables disputes between a consumer and a business to be settled by an independent mechanism outside the court system that is generally funded by businesses and free to the consumer.
- ADR providers are independent third parties who provide dispute resolution for complaints between a consumer and trader. It can take several forms, from informal mediation or conciliation to binding arbitration. Several private sector businesses offer ADR in both the regulated and non-regulated sectors. Some are certified providers whose performance is monitored by a competent authority but others are not.
- Many trade associations or similar bodies offer simple and effective ADR by taking complaints about their members and contacting those members on behalf of the consumer with a view to resolving the dispute. Generally, such bodies will not deal with complaints about non-members.
- Ombudsman schemes are a form of ADR, and some are established by legislation. “Ombudsman” is a protected term in the UK; its use must have prior approval from [Companies House](#), and any body or scheme seeking to use it must also have membership of the Ombudsman Association (OA) and meet the threshold set out in its [Criteria for the Recognition of Ombudsman Offices](#), covering independence, fairness, effectiveness, transparency and accountability. Additionally, the OA encourages its members to meet the best practice guidance set out under its [Service Standards Framework](#) for accessibility, communication, professionalism, fairness and transparency. The government also recognises this as representing [best practice as outlined in its guidance on ombudsman schemes for government Departments](#).
- Non-statutory ombudsmen must be certified ADR providers and hold ombudsman-level membership of the OA. Statutory ombudsman decisions are typically binding and powers to enforce their decisions may sit with the ombudsman, a connected regulator or the courts. Ombudsmen generally have a wider role beyond solving disputes, as they support consumers, provide advice to businesses, and share information with regulators and consumer organisations to highlight systemic issues in a sector.
- In most regulated sectors, such as financial services and energy, the use of ADR is mandatory for businesses if a consumer cannot solve a dispute with a business directly. This is usually delivered through an ombudsman or a regulator-approved ADR body. In the non-regulated sector, business use of ADR is voluntary. Most forms of ADR will require the consumer to have attempted to resolve the dispute directly with the trader, before accessing the ADR provider.

- The government has already indicated that it intends to examine radical new ways to mainstream and improve ADR across the economy for [all types of disputes](#) including consumer disputes, so it is no longer viewed as an 'alternative' to court but operates as an integrated part of the justice system. The intention is to increase the rate that individual consumer disputes can be satisfactorily resolved by strengthening and expanding the scope of ADR. Following the then Department for Business, Energy and Industrial Strategy's (BEIS) consultation, '[Reforming Competition and Consumer Policy](#)', the government will continue to work closely with regulators, consumer advocates, ADR providers, consumer enforcement bodies and businesses to; help promote the benefits of ADR and ensure ease of access; provide more support to consumers in individual disputes with businesses by increasing the uptake of dispute resolution services, thus avoiding the need to go to court; and improve the quality and oversight of ADR services.

4.2 Understanding the scale of unresolved complaints

13. According to the Gambling Commission's regulatory returns data for 2021/22 (which was summarised in its [advice to this review](#)), c.200,000 complaints were recorded by operators, stable on the previous year and an increase of 32% on 2020/21. Evidence we received suggests that around 5% (c.10,000) of those ended up being received by an ADR provider. Customers can also escalate complaints to ADR through the online issue resolution service, Resolver, which received 14,000 complaints regarding gambling in 2020/21 (a 41% increase on the previous year), with around 2,500 being referred to ADR. Of the 5% of complaints made directly to operators that go to ADR, it appears that c.6% related to social responsibility failings and therefore fell outside the scope of the existing arrangement.
14. [The Independent Betting Adjudication Service \(IBAS\)](#) is the largest ADR provider in the gambling sector, handling around 80% of ADR disputes. In 2021/22, it received c.860 complaints which related to social responsibility/self-exclusion, representing over 20% of all complaints referred to the organisation, and an increase of around 23% on the year before. It refused 539 of these cases as it deemed them to be a regulatory matter and outside its scope (an ADR provider can accept a social responsibility-related complaint in limited circumstances where there is a contractual element, for example, if an operator has failed to pay out winnings owed to a customer who has been allowed to gamble despite a self-exclusion agreement being in place). [Ecommerce and Online Gaming Regulation and Assurance \(eCOGRA\)](#) is the second largest ADR provider in the sector and handles the vast majority of complaints not referred to IBAS. Its Annual Report for 2021/22 shows that of the 911 complaints it received, around 10% (93) were refused as a regulatory matter for the Commission.

15. Separate data on the scale of the issues comes from the Gambling Commission's contact centre, which received 1,305 'Safer Gambling tools/customer interaction' complaints in 2020 to 2021 (15% of total complaints) and 800 in 2021 to 2022 (14% of total complaints).
16. We understand, however, that the current number of complaints is not necessarily representative of the quantum of complaints, including those regarding social responsibility, that could be received if a single new body or function was created to handle them and consumers had confidence in it. In the financial sector, multiple dispute resolution schemes were brought together under one scheme – the Financial Ombudsman Service (FOS) – in 2000. It investigated and resolved [over 31,000 cases in 2000/01](#), rising to over [219,000 by 2021/22](#). While we do not expect this overall volume of complaints in gambling, especially as complaints to the FOS around businesses' customer services accounted for over 35,000 cases alone, a significant increase is likely.

Box 15: Recognising the wider benefits of an ombudsman scheme

- Effective complaints handling is not solely about financial redress or compensation. Ombudsman schemes also help to identify how businesses can improve the way they do things and reduce the likelihood of similar complaints arising in the future. Ombudsmen are not only a crucial mechanism for consumer protection, providing a means for consumers to enforce their rights independently, but also a source of data to help improve industry standards.
- Data can give an early indication of patterns in complaints which could provide crucial insights into complainant demographics, complaint types and forms of redress sought. The information that an ombudsman collates can assist the industry in supporting vulnerable consumers whilst also providing feedback to inform processes aimed at reducing detriment.
- The OA's guidance for good complaint handling states that dispute resolution should lead to quality outcomes for the complainant, the organisation complained against and the scheme itself. [A memorandum of understanding between the Financial Ombudsman Service and the Financial Conduct Authority \(FCA\)](#), for example, requires that information on complaints data, including any trends and common problems, is shared with the FCA so that both organisations can serve customers effectively. Dispute Resolution Ombudsman, the operator of both the Rail Ombudsman and Furniture Ombudsman, provides additional data analysis to its members directly, equipping them to identify, respond to and track issues and themes in customer complaints and business practice.

- Increasingly, technological solutions are also geared to maximising the learning from complaints data and making access to resolution and redress easier. Streamlining processes elsewhere to increase the service's cost-effectiveness helps ensure that an ombudsman can adequately resource extra assistance for those who are digitally excluded or who need other reasonable adjustments.

Further issues to be considered

17. Responses to the call for evidence also set out further background to the current gap and issues that will need to be considered in addressing it. These included the complexity of determining at what point a consumer's gambling can be deemed so excessive or unaffordable that it becomes an operator's responsibility to intervene.
18. Responses from treatment and recovery support stakeholders also highlighted the need to consider the potential impact of different forms of financial redress on a person with gambling disorder. Evidence from one treatment provider set out how clinical staff have noted that the manner and timing of a settlement can have an impact on therapy, and the need for appropriate support and protections to avoid even a modest lump sum increasing the risk of relapse. One operator told us they tackle this risk by making any voluntary payments related to social responsibility complaints conditional on the complainant registering with GAMSTOP, the online self-exclusion scheme. Alternatively, we have heard that some operators make payments directly to fund the complainant's treatment, education regarding the risks of gambling and the support available, or to cover outstanding debts rather than providing a lump sum.
19. Responses also highlighted that in order to prevent harm, new redress arrangements should be seen as upholding regulatory standards and supporting people presenting with legitimate complaints. If they are perceived as permitting 'risk-free' gambling by providing a mechanism to subsequently recoup losses, this would risk reinforcing negative and harmful behaviours. Financial compensation, therefore, may not always be the most appropriate outcome and there needs to be a consideration of a range of possible outcomes of adjudication. In fact, one of the benefits of an ombudsman system is the flexibility it has to direct a suitable remedy in the given circumstances and specific facts of a dispute.

4.3 A new approach to consumer redress

20. Compared with other regulated sectors, such as the financial, legal services and utilities sectors, gambling has a larger number of approved ADR bodies. There are eight providers of ADR for gambling, most of which also operate in other sectors with some performing functions outside of complaint handling too. These bodies have been approved on the basis that they fulfil requirements under current legislation and the Gambling Commission's improved standards, ensuring customers get the protections they are entitled to. Most regulated sectors have an ombudsman with statutory underpinning which allows them to be responsible for adjudicating all complaints and the priority is for the public to have somewhere to turn for the full range of their complaints to be heard.

Figure 15: Approved Alternative Dispute Resolution Schemes for regulated sectors

Competent Authority	Approved ADR schemes
Financial Conduct Authority (FCA)	Financial Ombudsman Service
Ofgem	Ombudsman Services: the Energy Ombudsman
Ofcom	Ombudsman Services: Communications and Internet Services Adjudication Scheme (CISAS). Part of the Centre for Effective Dispute Resolution (CEDR)
Legal Services Board	<i>No approved ADR scheme. The Legal Services Board can only approve the Legal Ombudsman. While the Legal Ombudsman did begin this process, it then withdrew its application following a consultation in 2015. The Legal Ombudsman is therefore not an approved ADR entity</i>
Civil Aviation Authority (CAA)	Centre for Effective Dispute Resolution (CEDR) Consumer Dispute Resolution Limited (Aviation ADR) The CAA also lists ADR schemes based outside the UK on its website
Gambling Commission	ADR Group Bacta ADR service Centre for Effective Dispute Resolution (CEDR) eCOGRA IBAS Jennifer Gallagher (Lindsays) ProMediate (UK) Limited Tattersalls Committee

Competent Authority	Approved ADR schemes
National Trading Standards Estate Agency Team	The Property Ombudsman Ombudsman Services: Property Property Redress Scheme

Source: [MoneySavingExpert](#)

21. Having an ombudsman in the gambling sector which can deal with social responsibility complaints and whose remit is signposted clearly would be an important first step towards a new approach to consumer redress. More broadly, this could enhance data collection and drive improvements across the industry as a whole as the ombudsman could feed back trends in the disputes it investigates to the Gambling Commission.
22. As discussed in the previous chapter, the Gambling Commission has a wide range of powers under the Gambling Act. It can investigate individual complaints, but there is nothing in the Act which explicitly permits the Commission to adjudicate them and there is no provision for it to require an operator to provide redress in the same way they can be required to pay financial penalties. Giving responsibility for individual dispute resolution and consumer redress to the Commission would be a very significant change in terms of its remit, as well as requiring additional resources. The separation of regulation and dispute resolution is also a fairly standard model across regulated sectors and this separation is a strength rather than a weakness. We do not therefore think the Commission should take on the function of ombudsman directly, but it will be important that the Commission has a strong relationship with any ombudsman.
23. While it would be possible to create a new body to perform the ombudsman function or provide an existing body with the necessary statutory underpinnings, it is government policy that new arm's length bodies (ALBs) should only be set up as a last resort, when consideration of all other delivery mechanisms has been exhausted, including expanding the scope of an existing body or function. Some ombudsman schemes are operated by standalone, statutory bodies, such as the FOS. However, the FOS deals with a much larger sector overall and many more disputes.
24. While primary legislation would be needed to establish a standalone ombudsman and the requirement on operators to abide by it beyond doubt or challenge, ombudsman functions could subsequently be conferred on an existing body, such as an existing ADR provider, if it had the appropriate membership of the OA.

25. Ombudsman services for the communications and energy sectors are delivered by a private not-for-profit organisation, Ombudsman Services Limited, which is a member of the OA but has its powers in these sectors underpinned by statute. It is approved by Ofcom and Ofgem to deliver the service with bespoke terms of reference outlining the relationship between itself and the regulator. The gambling sector currently has two ADR providers who are also members of the OA. The Independent Betting Adjudication Service (IBAS) and the Centre for Effective Dispute Resolution (CEDR) are both 'complaint handler' members of the OA and thus meet the requisite standards of independence and fairness of that membership, although they would need to upgrade to full 'ombudsman' membership to use the title.

Our conclusions

26. **To introduce further protections for customers and deal with the gap in redress quickly**, we will look at how industry can set up an ombudsman that is fully operationally independent and is credible with customers, working with all stakeholders in the sector. The body would adjudicate complaints relating to social responsibility or gambling harm where an operator is not able to resolve these.
27. We want all licensed operators to provide access to the ombudsman to ensure all customers are protected equally. Subject to industry delivering a credible scheme, where government and the Commission are satisfied with its scope and independence, **we will explore how to require all licensees to ensure their customers have effective access to the ombudsman to resolve social responsibility complaints, potentially through licence conditions introduced by the Commission or Secretary of State.**
28. As the main industry trade body, we expect the Betting and Gaming Council to ensure that foundational aspects of the ombudsman (such as resourcing, the mandatory nature of the scheme and its remit) are set out clearly to ensure that operators are held to account, customers understand what to expect from the system and public confidence in the scheme is high. We will work with industry and the ombudsman to ensure necessary impacts to business are accounted for and the foundational aspects of the scheme are appropriately designed.
29. The scheme should ensure customers have timely access to the independent ombudsman to deal with social responsibility complaints where the gambling operator has not been able to satisfactorily resolve the complaint. We expect the scheme to fulfil the commitments set out in the OA [Services Standard Framework](#) regarding accessibility, communication, professionalism, fairness and transparency. We also expect it will be able to provide the Commission

with valuable data on operator and market practices drawn from trends in consumer disputes to support timely regulatory action.

30. Taking this approach will quickly introduce strengthened dispute resolution for customers to help them, where appropriate, receive redress should an operator be found to have treated them unfairly. **We expect the ombudsman to be established and ruling on social responsibility complaints within a year, with the process for appointing it to begin in summer 2023.** However, if we see evidence that this non-statutory arrangement is not delivering the protections for customers as we expect, then we will legislate to create a statutory ombudsman for the sector.

Chapter 5: Children and young adults

Summary

- Safeguarding children from gambling-related harm is a priority for the government. Most forms of licensed gambling are currently illegal for under 18s and there are requirements to make sure children cannot access them either in person or online.
- Self-reported gambling participation by 11 to 16 year olds has fallen over the last decade. However, children remain a vulnerable group, and even young adults (18 to 24 year olds) who are legally permitted to gamble may still be particularly susceptible to harm. This chapter outlines a range of measures to ensure children and young adults are suitably protected.

Age limits

- We have recently raised the age limit for the National Lottery to 18. Many society lottery and football pools operators already apply this age limit. We will challenge those operators who still allow 16 and 17 year olds to access their products to follow suit so that there is no online or widely and easily accessible scratchcard gambling for under 18s. When Parliamentary time allows, we will legislate to ensure consistency with the National Lottery and compliance across the sector.
- We will legislate to increase the minimum age to play cash-payout Category D slot machines to 18 years, reinforcing The British Amusement Catering Trade Association's (Bacta) voluntary commitment. This will create a clear distinction between gambling products for adults and lower risk products for children (such as crane grabbers or coin pushers) which have non-cash prizes or operate completely differently.

Age verification

- Age verification in the licensed sector is broadly strong (especially online). To further support effective age verification processes, the Gambling Commission will consult on moving from 'Think 21' to 'Think 25' in their ordinary code for all land-based licence holders.
- We challenge on-course bookmakers and alcohol licensed premises, which both have low test purchasing pass rates for underage gambling, to urgently improve age verification measures, including by obtaining commercial verification of increased pass rates.

- We will legislate to strengthen licensing authorities' powers in alcohol licensed premises by making provisions within the Gambling Commission's code of practice binding, when Parliamentary time allows.
- The Commission will also consult on extending the duty in Licence Conditions and Codes of Practice (LCCP) to require test purchasing by small operators in fee categories A and B, to ensure all land-based venues are subject to the same age assurance processes.

Protections for young adults

- People aged 18 to 24 years old can be particularly vulnerable to gambling-related harm due to their financial or personal circumstances and continuing brain development resulting in generally lower impulsivity control. Problem gambling prevalence is higher in younger age groups than some others.
- To increase protections, the Commission will consult on lower thresholds for online financial risk checks when these are set, and our consultation on online slot stakes will include options for extra protections for this group (see [Chapter 1](#)).
- The Commission has incorporated age as a factor in its proposed guidance document on assessment of customer vulnerability which is currently being considered afresh in its [consultation](#).

5.1 The current position

Protections

1. Currently most licensed gambling activities and products are restricted to 18 and over, and it is an offence under the 2005 Act to offer gambling products which are intended only for adults to children. However, some products have different age limits ([Figure 16](#)). Football pools and society lotteries have a statutory minimum age for play of 16 years, but some operators voluntarily apply a higher age limit of 18 years.
2. Low stake Category D gaming machines have no minimum age for play, although members of the main trade association voluntarily restrict play to adults only on slot style or 'fruit' machines which pay out cash (see [Annex C](#) for full breakdown of machine categories). Category D also includes crane grab machines and penny pushers typically found in seaside family entertainment centres.

Figure 16: Minimum age for participation in different gambling activities

Gambling activity/product	Minimum legal age to play
private bets with friends or family	unlicensed – no age limit
all Category D gaming machines	no age limit*
unlicensed lottery products (non-National Lottery)	varies*
licensed lottery products (non-National Lottery)	16
football pools	16
Category B & C gaming machines	18
betting shops	18
bingo halls	18
casinos	18
on course betting at race tracks	18
National Lottery products	18
online betting and gaming	18

Source: [Gambling Commission](#). *Other restrictions may apply.

3. In December 2020, following a [consultation](#), the government announced that the minimum age to play National Lottery products (including draws, instant win games and scratchcards) would be increased to 18 years old from October 2021. The National Lottery operator implemented this change in April 2021, ahead of the legal requirement to do so. As a result of this, no National Lottery products can now be offered or sold to those under the age of 18 years.
4. The Gambling Commission requires all licensed operators to put in place effective age verification policies and procedures to prevent underage gambling:
 - For [land-based gambling](#), this must include measures such as checking the age of customers who appear to be underage with identity documents, not providing facilities that particularly appeal to children, and refusing service in circumstances where an adult is accompanied by a child or young person. Operators are also required to carry out age verification test purchasing to assure effective policies and procedures. The Gambling Commission's [Licence Conditions and Codes of Practice \(LCCP\)](#) contain sector-specific requirements to prevent underage gambling.

- For online gambling, all operators are required to verify account holders' identities and ensure they are at least 18 before they can deposit money, access free-to-play games, or gamble online. The [rules](#) were tightened in May 2019.
5. In addition to these regulatory requirements, specific steps have been taken to prevent and treat gambling harm in children and young people. In 2020, gambling was included in the Department for Education's relationships and sex education (RSE) and health education [statutory guidance](#) for England. In October 2019, the NHS opened its first dedicated [gambling and gaming addiction clinic](#) for children and young adults as part of the NHS England's long term plan to open up to 15 specialist gambling clinics by 2023/24.
 6. The Gambling Commission continues to work to ensure there is strong research and evidence around the vulnerability of children and young adults in respect to gambling-related harm. In particular, the 2022 Young People and Gambling Survey of 11 to 16 year olds set out a range of questions on harms experienced as a result of gambling (both the participants' own gambling and someone else's gambling). A refined set of questions on harms have been [piloted as part of the Gambling Commission's work](#) to develop a new approach for collecting data on gambling participation and the prevalence of problem gambling. Once this new methodology is formally in place, it will provide more insight into harms experienced by young adults who are gambling legally, but who may additionally be vulnerable to gambling harm due to their age (see [section 3.5](#) above).

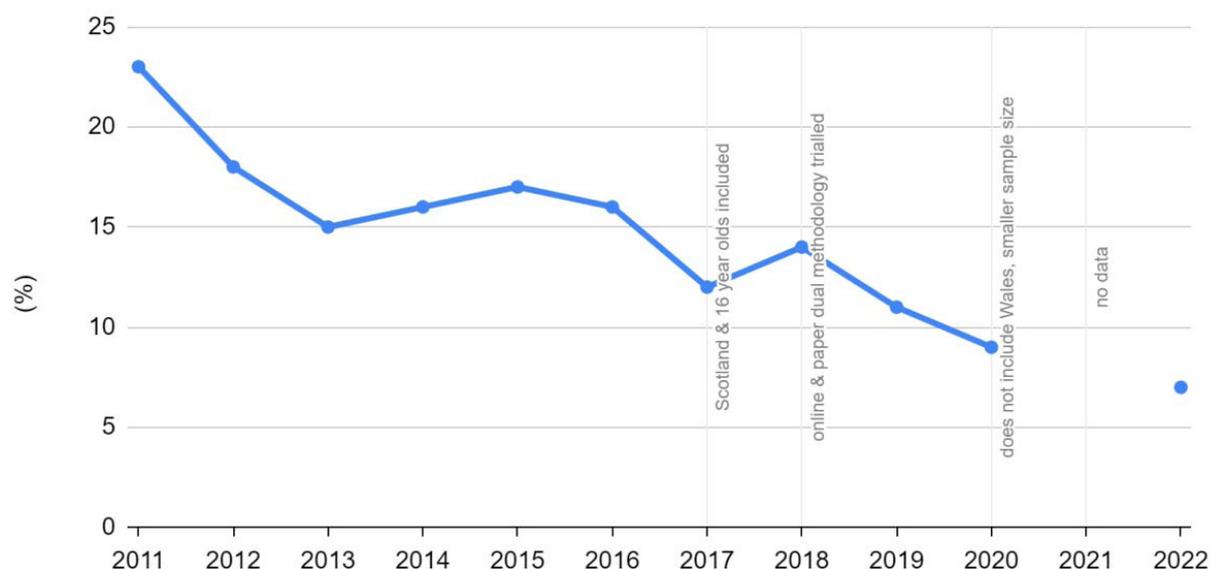
Gambling activity

7. Available data indicates that child gambling participation has decreased in the last decade. This participation rate includes forms of gambling which are legal for children (such as private bets or playing Category D gaming machines) and those which are not. The Gambling Commission's annual [Young People and Gambling](#) survey found that the past week gambling participation trend for 11 to 16 year olds had decreased from 23% in 2011 to 7% in 2022 ([Figure 17](#)). However, changes to the survey methodology in 2017, 2018 and 2022 prevent direct comparisons over the last decade.

Figure 17: Reported past week gambling participation rate among 11-16 year olds

*Note changes to methodology in 2017, 2018 and 2022 surveys.

Decrease in gambling participation rate reported by 11-16 year olds*



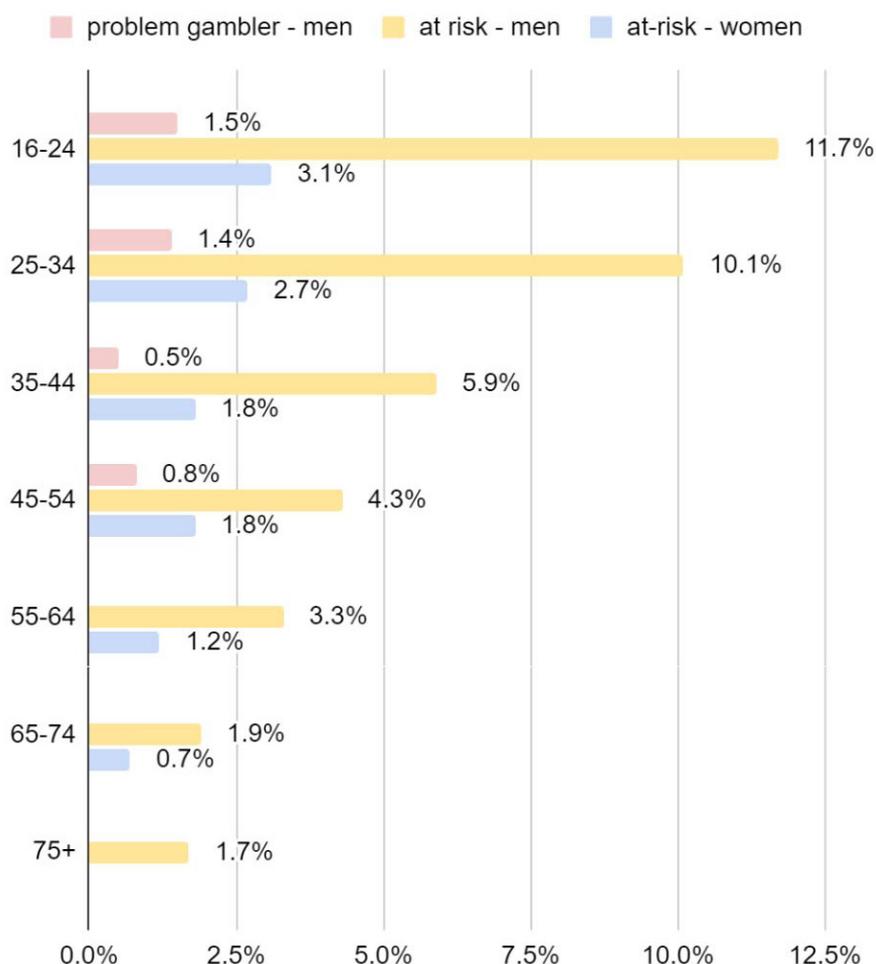
Source: [Gambling Commission's Young People and Gambling 2022 survey](#)

8. In the [2022 survey](#), 31% of 11 to 16 year olds spent their own money on gambling in the 12 months prior to taking part in the survey. 23% of 11 to 16 year olds spent their money on regulated forms of gambling. The activities with the highest participation over that period were arcade gaming machines such as penny pusher or claw grab machines (22%), placing a bet for money between friends or family (15%) and playing cards with friends or family for money (5%). The Gambling Commission's survey also found that 2% of 11 to 16 year olds spent their own money betting on eSports, 1% on National Lottery online instant win games, betting on a website or apps, or casino games online and less than 1% spending money on online bingo. These surveys are based on children's own recalled participation and therefore may not be entirely accurate.

9. Gambling Commission data suggests that at-risk and problem gambling rates among 11 to 16 year olds have increased since 2014, although significant changes to the survey methodology make year-to-year comparisons difficult. According to the [2022 data](#), the problem gambling rate of 11 to 16 year olds (using the [DSM-IV-MR-J screen](#) which is specially adapted for children) was 0.9%, equal to about 35,000 children aged 11 to 16 in mainstream secondary schools. This compares favourably to other European jurisdictions, where child problem gambling estimates from published papers range from [0.2% to 12.3%](#). The "at-risk" rate for Great Britain in 2022 was found to be 2.4%.

10. Children and young people aside, concerns have been raised about people who are old enough to take part legally in the full range of commercial gambling activities but may still be particularly susceptible to harm for a variety of reasons. [PHE's evidence review](#) highlights higher levels of problem gambling amongst young adults when compared to older ages. Men in younger age groups are disproportionately classified as being at any level of risk compared to other cohorts. As shown in [Figure 18](#), problem gambling rates for men are highest in the 16-24 (1.5%) and 25-34 (1.4%) age groupings before dropping significantly in the 35-44 age group (0.5%). Considering together the problem gambler and at-risk cohorts, proportions were much higher for men than women both for age 16-24 (13.2% vs. 3.1%) and for age 25-34 (11.5% vs. 2.7%). The proportion of women classified as problem gamblers does not appear in [Figure 19](#) because numbers in the survey were too small for it to be calculated by age group. One of the few [longitudinal studies](#) of gambling behaviours in the UK found that patterns of problem/moderate risk gambling can often be established by 20 years of age. A recent Gambling Commission [survey](#) indicated that problem gambling rates among young adults appear to peak at the ages of 20 to 21.

Figure 18: Problem and at-risk gambling rates according to Problem Gambling Severity Index (PGSI) by age and sex



Source: [PHE Gambling-related Harms Evidence Review 2021](#))

11. PHE also examined systematic [peer-reviewed research](#) to identify risk factors for gambling and harmful gambling. For children and young people, PHE's review identified with a high degree of confidence that the following are risk factors for harmful gambling: (1) impulsivity (including sensation seeking), (2) substance use, (3) gender (male), and (4) mental health problems (depression specifically). A further six risk factors for harmful gambling were identified for children and young people with a moderate degree of confidence: (1) number of gambling activities participated in, (2) anti-social behaviour, (3) violence, (4) poor academic performance, (5) peer influences and (6) existing problems with gambling. The growing body of evidence helps us to understand how harmful gambling may relate to other harmful behaviours or vulnerabilities, and how tackling gambling harms requires a broad approach.
12. Separately, [research](#) from the Gambling Commission suggests that the influence of family and friends is particularly important in shaping a young person's tendency to gamble, and that these factors had a bigger impact than exposure to advertising and marketing. The research found that recalled exposure to extreme positives or negatives of gambling, for example big wins or losses, or a particularly positive or negative view of gambling from caregivers, could be associated with an increased interest in gambling in later life. In 2022, the [Gambling Commission's Young People and Gambling Survey](#) identified that 74% of young people who have ever spent their own money on gambling were with their parents and/or guardians at the time and 78% say they did so for fun.

Evidence

13. We asked [ten questions](#) on age limits and verification in our call for evidence. Evidence came from a wide range of respondents including industry, charities, researchers, campaign groups, parliamentarians and local authorities. Summaries of evidence and views from different groups are outlined below, but where evidence is pertinent to particular policy proposals it is discussed in more detail in the following sections. Overall, relatively little new evidence was submitted in response to these questions.

Society lotteries and football pools age limits

14. On society lotteries, industry, campaigners and retailers all supported increasing the statutory minimum age to 18 years. One society lottery operator reported 16-18 year olds comprised just 0.1% of its active customer base. As a relatively niche activity, few respondents considered football pools in depth. The largest football pools operator already prevents under 18s from creating an online account and supports increasing the minimum age to 18.

Category D machine age limits

15. Bacta argued that further restrictions on children's access to Category D machines was unnecessary, drawing attention to its voluntarily imposed 18+ age limit for playing Category D cash payout slot machines and measures in its charter that limit access and appeal to children. Some organisations concerned about the normalisation of gambling for children wanted to see the minimum age for all commercial gambling, including Category D machines, raised to 18. However, there was little evidence provided on Category D machines causing harm in childhood or later life.

Online age verification

16. There was limited evidence to suggest that further measures were needed for online age verification. [Gambling Commission data](#) shows relatively low rates of illegal underage gambling with online operators, but when this does occur, it is generally through misuse of an adult's account or details rather than a failure of the verification process. This is consistent with evidence submitted by various stakeholders including: the Betting and Gaming Council (BGC), individual operators, a police agency and a consumer redress company.
17. Some campaign groups called for even stronger online age verification measures, such as requiring ID document photos for all accounts or mandatory video calls on account creation. There was limited evidence to suggest these measures would materially improve on the [current rules](#), which allow operators to verify age and identity via background checks that are effective in the vast majority of cases and are minimally disruptive to the customer. Where these background checks fail to provide sufficient assurance that the account-holder is of legal age, operators are required to have alternative age verification methods in place, which could involve requesting documentation. We expect operators to continually review and improve their age verification procedures as new technologies or capabilities are developed, such as digital identity, which is discussed in [section 1.2](#) above.

Land-based age verification

18. In the land-based sectors, operators and industry bodies highlighted high pass rates for test purchasing and the adoption of 'Think 21' and 'Think 25' policies in licensed betting offices, bingo premises and casinos. Some respondents pointed to the relatively high test purchasing scores for licensed gambling premises compared to those for the sale of other age-restricted products. However, one local council reported poor test purchasing pass rates for gaming machines sited in alcohol licensed premises, while [advice from the Gambling Commission](#) pointed to poor test purchasing results from both alcohol licensed premises and on course bookmakers prior to 2020. Some

respondents from the pub sector acknowledged low test rates, but highlighted a slight improvement in early 2020. Campaign groups asked for a more rigorous approach with a 'Challenge 25/Think 25' scheme similar to alcohol and tobacco.

Protections for under 25s

19. Some operators highlighted policies to limit access to VIP/High Value Customer (HVC) incentives for young adults, and reported that they set lower deposit limits and intervention triggers for customers aged 18 to 24. The Betting and Gaming Council [voluntary Code of Conduct](#) introduced in October 2020 requires enrolment of anyone aged 18 to 24 onto a HVC or VIP programme to be reviewed by the holder of a Gambling Commission Personal Management Licence. Licensees must take into account the [Gambling Commission's guidance](#) on HVC incentives.
20. While campaign groups welcomed the voluntary VIP scheme restrictions from operators, they also suggested protections should go up to 34 years, highlighting evidence that men aged 25 to 34 are also likely to suffer gambling harms. We also received specific evidence on the vulnerabilities of the under 25 age group which are considered in [section 5.4](#) below.

5.2 Age limits

21. Following the [increase to the minimum age](#) to play National Lottery products, we considered whether similar changes were justified for other products which are still legally open for participation by those aged 16 or over. These are lotteries and football pools. We also considered whether Category D gaming machines which have no statutory lower age limit should have access limited for those under 18 years.

Lotteries and football pools

22. Separate from the National Lottery, the Gambling Act 2005 creates eight categories of lottery which can be run to raise funds for local authorities, charities, sports clubs and other voluntary organisations. Some lotteries including large society lotteries and licensing authority lotteries are licensed by the Gambling Commission, while small society lotteries must register with a licensing authority. These lotteries have a minimum statutory age for participation of 16 years, although some large society lottery providers voluntarily have a minimum age to play of 18 years for some products. Large society lottery operators sell a wide range of products (lottery tickets, scratchcards and online games) through a range of means including retail, door-to-door canvassing, phone, post, email and online.

23. There are also various types of small lotteries that do not require a licence from the Gambling Commission or registration with a licensing authority (referred to as 'exempt lotteries'), such as incidental lotteries (taking place at an event), private society, residents', customer or work lotteries. The majority of these lotteries have no minimum age requirements, though they do have requirements which would limit access, for example, workplace lotteries are unlikely to be available to children.
24. Little evidence was received to support the inconsistency between the minimum age of 18 to play the National Lottery and the minimum age of 16 for large society lotteries. There was broad support amongst respondents for alignment, including from the Lotteries Council and the Chartered Institute of Fundraising.
25. [Evidence](#) suggests National Lottery and other lottery products have similar risk profiles and rates of participation among young people. Prior to the minimum age increase from 16 to 18 years in 2021, 2% of 11 to 16 year olds reported participating in the National Lottery draw in the past 7 days, with the same percentage participating in other lotteries. [The PHE evidence review](#) noted that the problem gambling rate (1.6%) for society lottery products (including scratchcards) was similar to that for National Lottery draw-based games (1.0%) and scratchcards (1.8%). Research based on combined data from Scottish and English health surveys over the last decade indicates that scratchcard play could be a risk factor for young people. Furthermore, [results from GREO](#) suggest that among 16 to 24 year olds, gambling problems are predicted by scratchcard play, but other factors such as wellbeing, mental health disorders, general health and playing other gambling games were also contributory factors.
26. Limited evidence was provided on football pools. The largest football pools operator in the UK already voluntarily [prohibits under 18s](#) from playing online, and evidence we received from providers suggested that the average player age is over 55, and that players between 16 to 24 account for less than 1% of the customer base. Evidence also suggested football pools pose a relatively low risk of harm, because they are low intensity and have a low average spend (£3.05 a week) and usually via a subscription-style payment. Nonetheless, engagement in football pools is associated with a relatively high problem gambling rate (5.1%) across all age groups in the [2018 Health Survey for England](#). However, those experiencing gambling problems tend to engage in many different activities, so are usually overrepresented in products with low participation rates.

Our conclusions

27. Our intent is that the most easily accessible lotteries should only be available to adults to further reduce the risk of gambling-related harm to children. This means a minimum age for participation of 18, as for the National Lottery.
28. **Many lottery and football pools operators set a minimum age to play of 18 years and do not sell products to 16 and 17 year olds although they are legally permitted to do so. The government will challenge the remaining operators who allow 16 and 17 year olds to buy their products to stop this practice so that there is no online or widely and easily accessible scratchcard gambling for under 18s. When Parliamentary time allows, we will legislate to raise the age limit for society lottery and football pools products to 18 to ensure consistency with the National Lottery and across the sector.**

Expected impact

29. Encouraging all lottery and football pools operators to apply a minimum age of 18 to their products is expected to have minimal commercial impact and disruption to the existing customer base for both products since the majority of providers already apply an 18+ age limit voluntarily.

Category D machines

30. All forms of Category D gaming machines can currently be played at any age unless the premises in which they are located are age-restricted. [Category D](#) machines include a diverse range of low stake and prize machines such as coin pushers, crane grabs and slot style machines (also known as fruit style machines). They are permitted in a range of licensed and unlicensed venues including, but not limited to: family entertainment centres (FECs), adult gaming centres (AGCs), licensed bingo premises, betting shops, casinos, bowling alleys, alcohol licensed premises (pubs/ bars) and shopping centres. Category D gaming machines are most commonly found in arcades. [Gambling Commission data](#) from 2021/22 indicates that there was an average of c. 27,000 Category D machines in premises licensed by the Gambling Commission in Great Britain.
31. Some respondents felt restricting children from playing all Category D machines would protect them from harm, but the research on this is mixed. [One study](#) of legal youth gambling products identified a correlative association between adult disordered gambling and recollected use of Category D machines, including coin push, crane grab and fruit machines, in childhood. Conversely, some respondents highlighted a [2012 research paper](#) finding that while children in coastal communities have increased access to gambling

venues such as FECs and arcades, and (perhaps as a result) are more likely to participate in gambling than other children, there was no evidence of an associated increase in problem gambling.

32. The economic value of FECs, which rely heavily on Category D machines, was highlighted in responses to our call for evidence. Bacta has highlighted the contribution that seaside arcades make to local economies, providing jobs and economic activity in coastal towns across the country. A [report commissioned by Bacta](#) found that in 2018 seaside arcades provided over 19,000 direct jobs, £845 million in turnover and £451 million in Gross Value Added. A similar conclusion was reached by [the House of Lords Select Committee](#), which noted that banning children from using Category D machines could have a “*devastating impact on individuals, businesses and communities*”.
33. However, a number of submissions identified distinctions within the broad range of gaming machines currently in Category D. In particular, slot style Category D machines were seen as more likely to be problematic for children than crane grabs or penny pushers because they look like and function in similar ways to higher stakes slot-type ‘fruit’ machines which are only permitted for adults. There are two types of Category D slot style machines, those that pay out winnings as money, and those that pay out tickets.
34. Based on evidence submitted to the call for evidence we estimate that those that pay out money (known as “cash-out Category D slot machines”) currently account for approximately two thirds of Category D slot style machines. These are limited to a maximum stake of 10p and a maximum prize of £5. The remaining third are known as “ticket-out Category D slot machines” and are limited to a 30p stake and the equivalent of a prize worth up to £8. The tickets these machines pay out can be exchanged for a small physical prize such as stickers, sweets or a toy.
35. While child participation in gambling activities has declined generally ([Figure 17](#)), the [use of fruit and slot machines has remained relatively stable](#), accounting for an increasingly high proportion of gambling activity for young people. This could be because of declining interest in other forms of gambling or reduced access to other products. The Gambling Commission’s 2022 survey found that [6% of 11 to 16 year olds](#) reported experience of playing fruit or slot machines in the past 12 months, with [3%](#) using their own money. The most common [machines](#) played by 11 to 16 year olds were penny falls or penny pusher machines (73%) and claw or crane grab machines (72%). [18%](#) of 11 to 16 year olds had played on fruit style machines where you win tickets to ‘buy’ prizes and [10%](#) on fruit style machines with small cash prizes.

36. Some of the submissions we received from those with personal experience of gambling harm suggested that both slot and ticket payout types may be harmful, with some individuals reporting that childhood familiarity with the slot mechanism contributed to the development of gambling disorders in later life, once they could access higher stake machines. Conversely, on a wider population basis there was limited evidence to suggest that Category D slot style machines were serving as a primer for future problematic engagement with gambling.
37. Industry has recognised the concerns around slot style machines and in March 2021, Bacta members updated their [Social Responsibility Charter and Code of Practice](#) to voluntarily implement a ban on under 18s using cash out slot style machines. The distinction with ticket-out machines was drawn on the basis that while cash can be reinserted for further play (potentially facilitating behaviours like chasing losses), tickets cannot and have no value beyond what they can be redeemed for within the venue.
38. While many welcomed this voluntary move, some respondents called for the restriction to become mandatory, while others like the Gambling Related Harm APPG wanted it to be extended to ticket-out slot style machines too.

Our conclusions

39. There is currently no substantive research or evidence clearly identifying harms resulting from general Category D machine play. While we acknowledge the views of people with personal experience of gambling harm, banning all Category D machines would disproportionately affect small businesses reliant on this trade in some of the UK's most deprived communities. **With the current evidence base, we do not support the prohibition of all Category D machines such as crane grabbers and coin pushers for under 18s.**
40. On the balance of the evidence, we do however believe a more precautionary approach is justified for slot style games which mirror the mechanics of adult-only gaming machines, particularly those which pay out cash. We have taken into account that these machines currently account for approximately two thirds of Category D slot style machines. **We welcome Bacta's voluntary commitment, but to ensure all operators comply with it, we propose to move that requirement into legislation, making the legal minimum age to play cash-out Category D slot machine style games 18 years old.**
41. **Category D machines which do not pay out cash will not be subject to the increase in the minimum age to play.** Tickets cannot be reinserted and there is a wider similarity to other types of Category D machine. Although we will consult further on the details of our proposal above, slot machines in FECs

which are legally adult-only (Category C machines) are required to be in a segregated part of the venue to prevent children accessing those machines. Putting ticket payout slot machines in this category could exacerbate the impact on seaside arcade economies by making these venues inaccessible to adults accompanied by children.

Expected impact

42. Increasing the age limit to play Category D cash payout slots to 18 years – moving it from a voluntary to a legal footing to include all operators – will break the link between cash payouts and slot-style adult play for children. It should create a clear distinction between gambling products for adults and lower risk products for children which have non-cash prizes or (like a penny pusher) are entirely unlike an adult gambling product. Preventing children interacting with adult-style, cash gambling play will reduce the opportunity for them to engage in activities which could potentially result in increased risk of harm. There will be some financial impacts for non-Bacta members which are not currently subject to the voluntary ban (Bacta represents 70% to 80% of the operators of seaside arcade/family entertainment centres where Category D cash payout slot machines are most commonly located).

5.3 Age verification

43. Most forms of gambling are illegal for under 18s ([Figure 16](#)). However, evidence suggests that some children are still able to participate in gambling which they should be barred from. For instance, the [Gambling Commission's 2022 survey](#) found that 2% of 11 to 16 year olds reported spending their own money betting on eSports, 11% reported spending on National Lottery online instant win games, betting on a website or apps or casino games online, and less than 1% reported spending money on online bingo.
44. There are, however, some important caveats to this. Firstly, much of the available data on children being able to access age restricted forms of gambling comes from their own self-reporting which may be unreliable. For instance, the [Gambling Commission's Young People and Gambling Survey \(2019\)](#) found a higher proportion of children than adults reported having visited a casino in the last 7 days. Further, [recent research](#) from the Gambling Commission shows that where children do gamble on age restricted products, most of this is passive, and typically involves engagement in decision-making for others, e.g. choosing lottery numbers or bets for a family member. While this may amount to indirect participation, it does not necessarily point to failure in operator age verification processes.

Land-based age verification

45. The most comprehensive evidence on the efficacy of existing age verification policies and procedures comes from test purchasing at venues ([Figure 19](#)) by operators, local authorities, the Gambling Commission, the police and commercial testing companies. Since 2015, the Gambling Commission has required larger operators to carry out test purchasing, or take part in collective test purchasing programmes, to assure effective policies and procedures are in place to verify the age of gamblers and prevent underage gambling. This requirement covers all casinos (regardless of fee category), as well as betting premises, AGCs, FECs and bingo premises that are fee Category C or higher. [Licensed operators must report test purchasing results to the Gambling Commission each year](#). Operators in the lowest fee Categories A and B have been exempt from the test purchasing requirements in recognition of the potential greater financial burden for small businesses.
46. The gambling sector has been heavily disrupted by COVID-19 and therefore test purchasing data is predominantly from before the pandemic. While low test purchasing rates demonstrate serious failures of process at venues, this does not necessarily mean that significant numbers of children are illegally accessing gambling.

Figure 19: Mystery shopper and test purchasing pass rates for gambling activities and alcohol purchase (2019-2020)

Venue (activity)	Challenge at any point
casino (gambling)	95%
retail of National Lottery products (gambling)	91%
bingo (gambling)	87%
licensed betting office (gambling)	85% – 89%
adult gaming centre (gambling)	83%
convenience store (alcohol)	81%
supermarket (alcohol)	79%
racecourse (gambling)	63%
alcohol licensed premises (gambling)	16%
alcohol licensed premises (alcohol)	70% – 85%

Sources: Camelot UK Lotteries Limited 2019/20 Annual Report & Accounts; [Gambling Commission evidence including data from Serve Legal & Gambling Commission alcohol licensed premises test purchasing](#)

47. The [Gambling Commission's ordinary code](#) says that all land-based licensees should require their staff to check the age of any customer who appears to them to be under the age of 21, also known as 'Think 21'. As this is an ordinary code provision, it is good practice rather than mandatory. Many operators report going further and voluntarily introducing a 'Think 25' approach. There have been calls from both industry and campaign groups to introduce 'Think 25' as standard for all land-based gambling, a position shared by the [Advisory Board for Safer Gambling \(ABSG\)](#) in its [2018 report](#) which pointed to findings from the retail alcohol industry.
48. The Gambling Commission [provided evidence](#) on the removal of the test purchasing exemption for smaller operators. It suggests that many smaller operators already undertake test purchasing voluntarily or through membership of a trade body, and while there is a financial cost to each test purchase, this is normally low (under £50). However, due to the exemption, the Gambling Commission currently has an incomplete picture of the risks from underage gambling in premises run by smaller licensees. This introduces an inconsistency as children's risk from gambling participation is unlikely to vary by licensee size.
49. As the data above shows, some venues have notably poorer test purchasing pass rates. For instance, the [Commission's advice to this Review](#) outlines that on-course bookmakers have historically performed badly in test purchasing exercises, with an [average pass rate of 35%](#) from 2015 to 2019. This was consistent with evidence submitted by individual local authorities. For example in 2019, a test purchase operation at Royal Ascot found that [7 out of 17 bookmakers](#) accepted bets from underage customers. Evidence from industry suggests effective age verification by on-course bookmakers is more challenging at high-profile racing events, due to the high volume of customers.
50. Responses to our call for evidence from the on-course betting industry emphasised that since 2019 it has taken a number of steps to raise standards, including improved training and staff processes, increased test numbers at venues, and focusing on events where children were more likely to attend. The pass rate for on-course test purchases in 2020 was 63%. This demonstrates an improvement, but is still lower than most other land-based sectors. The government expects the sector to prioritise and rapidly strengthen age verification procedures to ensure that children are properly safeguarded from illegal gambling through on-course bookmakers.
51. Pre-2020 test purchasing pass rates were also very low for gambling in alcohol licensed premises ([Figure 19](#)). Alcohol licensed premises are [automatically entitled to two gaming machines of Category C or D](#), and while Category D machines are not prohibited for under 18s, there is an age limit of 18 years for all Category C machines. As part of a [joint test purchasing](#)

[operation in 2018 by the Gambling Commission](#), the police and local authorities identified a 12% pass rate for England, rising slightly in 2019 to 16% for England and Wales. A clear expectation was placed on the sector to improve its performance rapidly, especially given the much higher pass rates for alcohol test purchases in pubs at the time of between 70% to 85%. Since 2018, the Gambling Commission has worked with stakeholders including training providers and the Home Office to emphasise legal requirements in training materials and guidance for the sector. The Commission has also urged the alcohol licensed sector to respond actively to the issue to prevent the need for further enforcement action from local authorities.

52. In their submissions to the review, representatives of the pub sector outlined a number of steps they are taking to address this, including regular staff training and building age verification into the machines themselves to reduce the reliance on staff supervision. According to test purchasing operations conducted by one respondent, the pass rate was 26% in early 2020, before premises were closed by COVID-19 restrictions. While we welcome these improvements, this is still far lower than other gambling venues and other age restricted products.
53. [Section C of the Commission's Code of Practice](#) (issued under powers in the Gambling Act, [section 24](#)) outlines provisions relating to gaming machines in premises with alcohol licences. It is currently not a condition of any gaming machine entitlement in premises with an alcohol licence to control access to gaming machines by children and young persons on those premises.
54. The Gambling Commission [provided advice](#) highlighting the low test purchasing pass rates for gambling machines in alcohol licensed premises. The Commission suggests introducing a condition to gaming machine entitlements in alcohol licensed premises to control access to gaming machines by under 18s. This would provide licensing authorities with greater powers in respect of gaming machine entitlements in premises with alcohol licences, in the event of underage gambling. The licensing authority would have greater powers, for example, to cancel the entitlement to additional gaming machines, vary the permit to change the number of machines allowed or even remove the automatic entitlement to site gaming machines where there is a breach of the code. This would require primary legislation to bring into effect.

Our conclusions

55. The government is also concerned by the low pass rates in test purchasing for racecourses and gaming machines in alcohol licensed premises, which are both significantly lower than at other land-based venues. While this does not in itself indicate that large numbers of children are accessing gambling

illegally, it suggests that these sectors have not taken sufficient action to ensure appropriate processes are in place. **We challenge these industries to take further measures to urgently improve age verification measures, including by obtaining commercial verification of increased pass rates. We will continue to monitor industry’s progress on this issue and will legislate to make provisions within the Gambling Commission’s code of practice for alcohol licensed premises binding when Parliamentary time allows.**

56. **Further, the Gambling Commission will:**

- **Consult on making ‘Think 25’ rather than ‘Think 21’ the ordinary code expectation for all land-based licence holders;**
- **Consult on extending the duty in the Licence Conditions and Codes of Practice (LCCP) to require test-purchasing by small operators in licence fee categories A and B, to ensure all land-based venues are subject to the same age assurance processes;**
- **Explore through consultation the evidence around premises where there is not normally direct staff supervision (such as AGCs in service stations). It will explore the extent to which existing requirements and industry actions support delivery of our desired regulatory outcomes, including the prevention of underage gambling.**

Expected impact

57. Making ‘Think 25’ an ordinary code expectation for Gambling Commission licensees will introduce consistency across the sector, discourage children from trying to take part illegally in gambling activities and reduce potential harm that might be caused by early exposure to age-restricted gambling products. It also comes with minimal costs to businesses which already operate ‘Think 21’.
58. Removing the test purchasing exemption on small business will result in additional minor costs for smaller gambling operators. However, many already voluntarily undertake test purchasing. Further, the measure will provide evidence on the risks for children in smaller operators’ premises and potentially reduce the number of children gambling illegally in these venues.
59. Making the Gambling Commission’s code of practice for alcohol licensed premises binding would provide licensing authorities with greater powers on underage gambling in premises, but we do not expect it to create an additional burden for them. Similarly, we cannot yet pre-empt the outcomes of the Gambling Commission’s consultation on unsupervised premises and the impacts this could have.

Online age verification

60. As outlined above, the evidence we received suggests that online age verification is currently effective as long as the details of an adult are not being used fraudulently or with that adult's permission. Evidence and proposals regarding age and identity verification to access and make deposits into online gambling accounts are covered in our proposals for online gambling in [Chapter 1](#).

5.4 Protections for young adults

61. The age of 18 is widely recognised as the age at which one becomes an adult, and gains full citizenship rights and responsibilities. This is the legal age at which one can purchase products such as alcohol and tobacco, and access the full range of gambling activities. However, there is growing evidence that younger adults may benefit from greater protection than other groups. PHE's [evidence review](#) highlights a higher problem gambling and at risk rate among younger age groups than older age groups. Further, some call for evidence respondents cited [neurological research](#) showing cognitive development continuing up to the age of 25 and argued that protective measures should reflect the fact that young adults may [still be developing capacity](#) to regulate impulses and make more rational decisions. Other evidence suggests adolescents have a [greater risk tolerance](#) compared to older adults and this may be [reflected in their attitudes towards gambling](#) specifically.
62. Social pressures may also drive young adults to riskier gambling behaviour. There is [data](#) to show that 27% of gamblers aged between 16 and 25 report friends encouraging them to gamble more money/more often. Equally, evidence suggests that young people and young adults are particularly prone to benchmark their own gambling against that of their peers, but often overestimate peer gambling participation.
63. The above factors may also interact with socioeconomic trends among this age group. While young people and young adults tend to have lower financial outgoings, for example being less likely to have children, 16 to 24 year olds also have [less disposable income](#) on average than older cohorts. A [survey](#) by the Gambling Commission and the National Union of Students in 2019 found that around half (48%) of surveyed students who gambled did so to make money and 1 in 8 students had bet more than they could afford to lose.
64. Gaining access to gambling from 18 years of age also coincides with an important developmental and social period in many adolescents' lives, typically characterised by new freedoms and responsibilities, such as starting university, getting a job, living independently, and/or managing money for the first time. Evidence from people with personal experience of gambling harm

highlighted that this may make individuals more susceptible to developing a gambling disorder. One of the few [longitudinal studies](#) of gambling behaviours in the UK found that patterns of problem/moderate risk gambling can often be established by 20 years of age. A recent Gambling Commission [survey](#) indicated that problem gambling rates among young adults appear to peak at the ages of 20 to 21.

65. There is also evidence of links between youth problem gambling and suicides. A recent cross-sectional [research study](#) found an association between suicide attempts in 16 to 24 year olds and problem gambling, even after adjustment for other factors. The researchers conclude that young people and young adults experiencing problem gambling should be considered at risk for suicidality.
66. In recognition of the above, operators have taken steps to increase protection for younger customers. In 2021, the Betting and Gaming Council introduced a [code of conduct for VIP schemes](#) which included additional checks before enrolling those aged 18 to 24 onto schemes, for example requiring review by the holder of a Gambling Commission Personal Management Licence. Some individual operators have also voluntarily introduced bespoke protections for this group in other areas. These usually entail a more sensitive calibration of player monitoring systems to detect harm, but some operators take more direct action, for example requiring those aged 18 to 24 to set their own deposit limit before they are permitted to gamble or unilaterally implementing a mandatory maximum loss limit.

Our conclusions

67. **In our view, it would be disproportionate to raise the minimum age for participation in gambling to higher than 18.** However, the evidence shows that people aged 18 to 24 years old are generally more vulnerable to gambling-related harms than the wider population. Men aged 18 to 24 are particularly at risk and the effects of harms experienced may be long-lasting.
68. **Therefore, we believe additional measures are justified for this cohort. As much of the risk relates to online gambling, we propose that people aged 18 to 24 should have lower trigger points for the enhanced spending checks outlined in [Chapter 1.2](#), and our consultation on online slot stakes will include options for extra protections for this group ([Chapter 1.3](#)).**
69. **The Gambling Commission has set out in the proposed customer interaction guidance that age can be a key determinant of vulnerability which operators should consider in customer interactions.** It will shortly release a vulnerability statement to further clarify expectations.

Expected impact

70. The measures outlined above will ensure that there are extra protections for a potentially vulnerable group, without unnecessarily restricting their ability (as adults) to participate. The impact of online financial risk checks (to be implemented by the Gambling Commission) are explored in detail in [Annex A](#) to this white paper.

Chapter 6: Land-based gambling

Summary

- The 2005 Act sets out a range of restrictions based on the assumption that restrictions on supply (for example, casino numbers and gaming machine availability) were an important protection. However, in the light of developments in technology and the availability of online gambling, the characteristics of the product and quality of monitoring have now assumed greater importance.
- This chapter sets out a number of areas where we propose to reset regulation for land-based gambling, while maintaining or strengthening safeguards that are needed to protect vulnerable groups and communities from gambling harm.

Casinos

- We have looked at the experience of the licences created under the 2005 Act and intend to extend some of their rules to the wider casino estate.
- We propose to increase machine allowances in casinos by:
 - allowing 1968 Act casinos which meet the size and non-gambling space requirements of a 2005 Act Small casino to be entitled to the same 80 maximum machine allowance, with the machine to table ratio being equalised at 5:1 for Large and Small 2005 Act and larger 1968 Act casinos,
 - allowing smaller 1968 Act casinos which do not meet the size requirements to benefit from extra machines on a pro rata basis commensurate with their size and non-gambling space, and subject to the same machine to table ratios.
- We will consult further on the details of how casinos will be able to opt to choose this allowance and ratio over their current entitlement, with fees and mandatory licence conditions in line with 2005 Act casinos.
- We propose to permit casinos to offer sports betting alongside other activities and will take steps to free up unused 2005 Act casino licences where there is no prospect of development for reallocation to other local authorities.
- With banks withdrawing facilities for processing foreign cheques, we will make a limited change to the Gambling Act which will permit casinos to offer credit to non-UK residents, subject to thorough financial risk and anti-money laundering checks. Current use of cheques is often for wealthy overseas visitors in the high-end sector.

- We will consider further the potential for allowing a wider range of games on electronic terminals at casinos, subject to appropriate restrictions.

Electronic payments

- We recognise that substantial changes are happening to how payments are being made in society. We will work with the Gambling Commission to develop specific consultation options for cashless payments, including the player protections that would be required before we remove the prohibition.

Gaming machines and products in licensed bingo premises

- The Gambling Commission will conduct a review of gaming machine technical standards to assess the role of session limits across Category B and C machines and the role of safer gambling tools.
- We propose to adjust the 80/20 ratio which governs the balance of Category B and C/D machines in bingo and arcade venues to 50/50, to ensure that businesses can offer customer choice and flexibility while maintaining a balanced offer of gambling products.
- We support allowing specific proposals for new machine games to be tested within planned industry pilots under certain conditions with the close involvement of the Gambling Commission, and will legislate when Parliamentary time allows.
- We support allowing trials of linked gaming machines in venues other than casinos, where prizes could accrue from machines linked in a community. We will legislate when Parliamentary time allows.
- We will look further at the legislative options and conditions under which licensed bingo premises might be permitted to offer side-bets in a more flexible or expanded form within a defined set of parameters with rules to reduce the risk of harm.

Licensing authority powers

- Licensing authorities have a wide range of powers under the 2005 Act to refuse or place conditions on applications for gambling premises licences where there is cause for concern, and we fully support use of these powers.
- We will also bring the licensing regime into line with that for alcohol by legislating to introduce a formal system of cumulative impact assessments (CIAs), when Parliamentary time allows.
- We will consult on raising the cap for the fees licensing authorities can charge adult gaming centres, betting premises, bingo premises, casinos and family entertainment centres for premises licences.

6.1 The current position

Overview of the land-based sector

1. The land-based sector includes casinos, licensed betting offices, licensed bingo premises, family entertainment centres, adult gaming centres, and on-course betting at racecourses. It is jointly regulated by the Gambling Commission, which licenses operators, and Licensing Authorities (local authorities in England and Wales and licensing boards in Scotland), which license gambling premises. Alcohol licensed premises, including pubs, are also able to offer two Category C and D gaming machines in reliance on their alcohol licence, or more if they apply to the licensing authority. Certain clubs are also able to offer gaming machines if they hold a club gaming permit or a club machine permit.
2. There has been a channel shift from land-based gambling to online gambling in recent years. In September 2019, the Gross Gambling Yield (GGY) generated by remote gambling [overtook that of land-based gambling](#) for the first time (excluding lotteries). Despite this, the land-based sector has a significantly larger workforce than online gambling, and in the Gambling Commission's industry statistics published in May 2020, it was [estimated to employ approximately 80,500 people](#).
3. COVID-19 had a significant impact on all land-based gambling sectors with venues required to close and then operate under restrictions for large parts of 2020 and 2021. While there was some recovery during 2021, businesses were further impacted at the end of 2021/early 2022 by renewed surges in infection caused by the Omicron variant. The latest [statistics](#) from the Gambling Commission show that in-person gambling participation in the year to December 2022 increased to 28% from 25% in the year to December 2021, showing some signs of recovery since the pandemic. This appears to be driven by a return to in person gambling activities, particularly lotteries, fruit and slot machines, horse racing and bingo. However, the participation rates for these activities (in the year to December 2022) still remain below pre-pandemic levels. The land-based sectors have also been particularly impacted by increases in the cost of energy.
4. In general, there is an element of staff supervision and intervention in land-based venues which can help to identify and support people suffering gambling harms. For example, data provided by the Bingo Association indicates an average staff to customer ratio of 1 to 12, with the ratio ranging between 1 to 4 and 1 to 31 in various sessions.
5. There is less scope for monitoring via account-based play, which can help to protect consumers, than in online settings as considered in [Chapter 1](#) above.

Nevertheless, tracked play does exist in land-based settings. For example, play on gaming machines in casinos can be tracked via the use of membership cards. This means that the length of time on a machine, stakes and the win/loss can be assigned to a customer's profile. Apps are also available which allow customers to pay for machine games indirectly via a debit card or bank transfer, while keeping track of their spend. This spend information is not currently provided to operators, but customers can use a range of safer gambling interventions on the apps themselves. In principle, subject to privacy requirements, they could also provide a central architecture which would allow operators to track play and bring in safer gambling measures. The Gambling Commission's [advice](#) to this review has emphasised the benefits of the land-based sector moving towards account-based play.

6. The sections below set out some of the main features of land-based gambling settings alongside an explanation of the rules and particular characteristics of that type of gambling activity. They also set out further detail on how licensing authorities regulate gambling premises.

Casinos

7. Current casino licences originate from two legislative regimes. The Gaming Act 1968 restricted casinos to "permitted areas" based on population density and seaside resorts. The Gambling Act 2005 provided for a new concept of casino, with a small number of two types of licence created, known as Large and Small 2005 Act casinos. These were intended to be destination venues, with a wider range of activities to attract tourism and investment into areas in need of regeneration. Under both the 2005 Act and 1968 Act regimes, the number of licences is limited.
8. When the 2005 Act was passed, licensees under the 1968 Act could apply to convert those permissions into premises licences under the 2005 Act. 1968 Act casinos are limited to 20 gaming machines only, regardless of size, unless they restrict themselves to lower stakes machines only. The cap is higher for 2005 Act casinos – 80 for Small and 150 for Large. These limits apply where any machines offered are Category B. Nearly all machines in casinos are Category B1, which has a maximum stake of £5 and is restricted to casinos only.
9. The 2005 Act casinos are also subject to minimum overall and non-gaming space requirements which were introduced alongside a ratio of machines to tables aimed at ensuring a balanced offer of different products. The new space requirements were also expected to encourage customers to have breaks in play. Betting was permitted in all 2005 Act casinos, and bingo was also permitted in Large ones. The 2005 Act licences (8 Large and 8 Small) were allocated by a Casino Advisory Panel following bids from local authorities.

A regional casino, which could have 1000+ machines with unlimited stakes and prizes, was provided for in the Act but the secondary legislation never passed.

10. It was intended that the 2005 Act licences would be taken up and, subject to evaluation, more created, and perhaps that the 1968 Act casinos would be phased out or move over to the 2005 Act system. This has not happened so far and 137 casino licences are still of the 1968 Act type. These include a variety of venues in practice, including 'high-end' casinos which cater for high net worth (mainly international) clients and have a business model based primarily on live gaming tables. When the 2005 Act was passed, the then government planned to review the changes in 2014, but only two of the new casino licences were active at that stage. There are now seven active 2005 Act casinos from which to draw conclusions, with another one having opened and then closed again. The House of Lords Select Committee [report](#) recommended in 2020 that casinos should be regulated under the same system regardless of when their licence was created.
11. [The size of Britain's land-based casino sector](#) has remained relatively flat in recent years, in contrast to an expanding online market. The number of active licensed premises increased from 148 (2015) to 156 (2020), but the impact of COVID-19 resulted in a number of permanent closures (active licensed premises were 144 in 2022). From 2015/16 to 2019/20, land-based casino GGY increased by 2%, while gambling on online casino products (including slots of all descriptions) expanded by 34%. The impact of COVID-19 resulted in a decrease in land-based casino GGY of 32% between 2019/20 and 2021/22. In 2021/22 (the most recent full year), online casino GGY was more than 5 times that of land-based casinos.

Licensed bingo premises

12. Licensed bingo premises include a range of establishments such as retail bingo clubs, high street arcades (which have a smaller bingo offer via bingo machines), and bingo venues in holiday parks. The overall number of licensed bingo premises has [declined by 11%](#) from a high of 710 in March 2014 to 635 in March 2020, GGY over the same period declined by 15%. The impact of COVID-19 saw a further [decrease of 4%](#) to 609 licensed bingo premises between March 2020 and March 2022, and GGY declined by 33% in the same period. Numbers supplied by the Bingo Association show that the number of retail bingo clubs has declined from 335 clubs at the end of 2018 to 272 in March 2023.
13. In 2013/14, 44% of GGY in overall licensed bingo premises was attributed to machines and this has gradually increased each year to 62% in 2021/22. However, this does not appear to be a change in traditional bingo halls but

rather driven by an increase in the high street arcades described above, which rose from 119 premises with Bingo Association membership in December 2018 to 192 in March 2023.

14. Customers in retail bingo clubs tend to be slightly older than average for gambling as a whole, and they are more likely to be female. There is evidence that bingo has a strong community appeal; [Ipsos MORI research](#) for the Responsible Gambling Trust (the previous name for GambleAware) in 2016 found that 85% of patrons play bingo 'to socialise', 48% said that bingo was one of the few activities they are able to take part in, and 25% said it was the 'highlight of their week'. Late night bingo events have also increased in popularity recently; these events are aimed at a younger demographic and include DJs, pop acts and prizes.

Gaming machines

15. Gaming machines are permitted in a variety of locations, including casinos, licensed betting offices, licensed bingo premises, adult gaming centres and family entertainment centres and members clubs. They are divided into categories depending on the maximum stake and prize available, the nature of the prizes and the nature of gambling for which the machine may be used, as well as the premises where it may be used. Different categories of machines are limited to certain types of gambling premises. For example, as mentioned above, Category B1 machines are only permitted in casinos, whereas Category B3 machines are also found in betting shops, adult gaming centres and licensed bingo premises. Machine categories and permitted premises are summarised below.
16. Following a consultation on proposals for changes to [Gaming Machines and Social Responsibility Measures](#), the maximum stake on B2 machines (Fixed Odds Betting Terminals) was reduced from £100 to £2 in April 2019, to reduce the risk of gambling-related harm.

Figure 20: Gaming machine types including stakes, prizes, location and speed of play

Type	Max stake	Maximum prize	Permitted location	Minimum game cycle	Notes
B1	£5	£10,000	Casinos	2.5 sec	Option of a maximum £20,000 linked progressive jackpot on a premises basis only
B2	£2	£500	Casinos, betting shops and tracks with pool betting	20 sec	
B3	£2	£500	Licensed bingo premises and adult gaming centres, plus all venues permitted to offer Category B1 or B2 machines	2.5 sec	
B3A	£2	£500	Members' clubs or miners' welfare institutes only	2.5 sec	
B4	£2	£400	Members' clubs, miners' welfare clubs or commercial clubs, bingo premises, adult gaming centres, betting shops, tracks with pool betting and casinos.	2.5 sec	
C	£1	£100	Pubs, adult-only sections of licensed Family Entertainment Centres, plus all venues which can offer Category B machines	1.5 sec when at max stake	Average game cycles over an hour must be at least 2.5 sec

Type	Max stake	Maximum prize	Permitted location	Minimum game cycle	Notes
D	10p	£5	Family Entertainment Centres (FECs), pubs, travelling fairs and unlicensed family entertainment centres (UFECs) with a permit. Also available to all venues which are permitted to offer Category B or C machines	2.5 sec	Money prize machines
	£1	£50		N/A	Crane grab machines
	30p	£8		N/A	Other non-money prize machines
	20p	£10		N/A	Coin pushers (£10 of non-money prizes allowed in addition to £10 money prize limit)
	10p	£5		N/A	Other combined money and non-money prize machines (£3 of non-money prizes allowed in addition to £5 money prize limit)

Source: [Gambling Commission](#)

Gaming machines in alcohol licensed premises and members' clubs

17. In England and Wales, alcohol licensed premises currently have an automatic entitlement to up to two Category C or D gaming machines. To take advantage of this entitlement, the holder of the on-premises alcohol licence must give notice to the licensing authority and pay the prescribed fee. There is no upper limit placed on the number of gaming machines allowed, but if a venue wants to install more than two machines, they must apply to the licensing authority to do so (as set out in [section 283](#) of, and [Schedule 13](#) to, the Gambling Act 2005) and pay the prescribed fee.

18. Similar provisions of the Act relate to gaming and gaming machines in licensed premises in Scotland, but these apply to premises which have a premises licence granted under the [Licensing \(Scotland\) Act 2005](#). A premises licence holder in Scotland is entitled to install up to two machines once the proper notice (Licensed Premises Notification (LPN)) has been given and fee paid to the local authority. To install three or more machines, the holder of an alcohol licence (for consumption on the premises) must obtain a Licensed Premises Gaming Machine Permit (LPGMP) from the local authority.
19. The Gambling Commission issues a [code of practice on the provision of gaming machines in alcohol-licensed premises](#). The code relates to the provision of facilities for gaming machine gambling and includes requirements around the protection of children and other vulnerable people.
20. Members' clubs and miners' welfare institutes may offer up to three gaming machines if they hold a club gaming permit (CGP) or a club machine permit (CMP). The machines may be of categories B3A, B4, C or D, but by agreement, only one machine can be of sub-category B3A. Commercial clubs which hold a club machine permit can also site three machines, although sub-category B3A machines are not permitted for commercial clubs.

Electronic payments

21. Secondary legislation ([the Gaming Machine \(Circumstances of Use\) Regulations 2007](#)) prohibits the use of debit cards for direct payment on gaming machines, and prohibits any use of credit cards. This means that cash is the primary way in which to pay for machines in land-based venues.
22. The industry has introduced some cashless gambling; for example, some machines in pubs and adult gaming centres accept indirect payment from a debit card via mobile apps. Technology has been developing here, and two digital apps are currently in use by parts of the sector, with operators reporting low initial take-up. Some venues also operate a ticketing system, which allows customers to purchase a ticket with a debit card for use on a gaming machine. Some licensed betting offices use a cross-channel digital wallet that can be topped up at cash desks as well as on the operator's website and used on machines.
23. Legislation requires ATMs to be sited so that customers must stop gambling if they want to get more cash. Debit card payments, including contactless, have emerged as an alternative to cash in the wider retail economy, but gambling premises have largely remained cash-based. Customers in a casino wishing to buy chips via debit card previously had to leave the gaming floor to purchase chips at a cash desk/kiosk. When casinos reopened following COVID-related closures in 2020, casino operators introduced an approach,

agreed by the Gambling Commission, whereby customers could stand up and turn away from gaming tables to complete a debit card transaction with a staff member via a mobile card terminal. The purpose was similarly to provide a break in play before accessing new funds.

Licensed betting offices and the Category B2 stake cut

24. Licensed betting offices are one of the biggest employers in the gambling industry. The Gambling Commission's statistics from May 2020 show that they represented [47% of total employment](#) in the gambling sector. The number of betting shops in Great Britain has dropped by 16% from a recent peak of 9,128 in 2012 to 6,219 in March 2022. Historically numbers were much higher, with an all time high of [15,782 betting shops in 1968](#).
25. Before April 2019, Category B2 gaming machines (sometimes referred to as fixed odds betting terminals) had a maximum permitted stake of £100. The stake limit was examined as a key part of the [Review of Gaming Machines and Social Responsibility Measures](#) and the government identified several issues, including high usage of these machines among those experiencing gambling problems; identification as the main gambling activity by those receiving treatment for gambling problems; and very high losses (> £500 per session) among some users. [Legislation](#) was subsequently enacted to reduce the [maximum permitted stake on B2 gaming machines from £100 to £2](#), from April 2019.
26. Typically gaming machines are cabinets housing computer terminals, with either buttons or touch screens allowing customers to select different machine game types (e.g. B2 or B3 games). Since the B2 stake cut, there has been a [significant drop in the number of cabinets offering B2 games](#) in licensed betting offices (from 32,652 in 2018/19 to 7 in 2021/22) and a corresponding increase in the number of cabinets offering B3 games (from 121 in 2018/19 to 24,339 in 2021/22). There was also a £763 million or 42% decrease in machine sector GGY generated in licensed betting offices between 2018/19 and 2021/22.
27. Reduced harms resulting from the stake cut are harder to assess directly. The Gambling Commission collects data on the outcome of individual gaming machine sessions (e.g. whether customers have won or lost overall and their net position). This provides insight into changed gambler behaviour in the period immediately following the stake cut. [Session outcomes](#) (per cent wins/losses) from across the licensed betting office sector indicate that in the six months after the B2 stake cut, there was a net decrease of 1.9% in losses greater than £30 and a net increase of 1.4% in losses less than £30 across the whole machine sector, compared to the same period the year before. This percentage change in session loss distribution could indicate gamblers' behaviour changing, with comparatively fewer large session losses on

machine games due to the reduced maximum stake limit. However, other factors may influence this data, for example the [closure of 8% \(639\) of betting offices in the same period](#).

On-course betting

28. Around 400 bookmakers operate on-course at racecourses. Many of these are small businesses run by individuals, though the major bookmakers are also represented. On-course bookmakers are subject to regulation under the Gambling Act 2005 and must obtain a non-remote general betting (limited) operating licence from the Gambling Commission. The 59 licensed racecourses in Great Britain require a Track Betting Premises Licence from their licensing authority, with the four racecourses which offer their own betting operation also requiring an operating licence. Gambling Commission licence conditions require on-course bookmakers to have policies in place relating to open and fair gambling, problem gambling, protecting children and vulnerable people and anti-money laundering.

Licensing authorities

29. The 2005 Act established the Gambling Commission as the dedicated regulator at a national level but it also recognised the potential local impact and importance of gambling. It therefore created local regulators through the 368 licensing authorities of England, Wales and Scotland. In England and Wales, the licensing authority is the local authority, whereas in Scotland it is the licensing board. The Commission works in partnership with licensing authorities to regulate gambling and publishes guidance for them.
30. While the Commission licenses operators and individuals, licensing authorities license premises. They have the power to place conditions on licences as well as to grant or refuse them.
31. Licensing authorities have wide ranging powers to make decisions on licensing gambling premises in their areas. [Section 153](#) of the Act states: 'In exercising their functions under this Part a licensing authority shall aim to permit the use of premises for gambling' in so far as the authority thinks it satisfies various requirements. These requirements are that the application is:
 - a. In accordance with any relevant code of practice under [section 24](#) (these are codes published by the Gambling Commission and may impact local government processes);
 - b. In accordance with any relevant guidance issued by the Commission under [section 25](#) (this section requires the Commission to issue guidance on how licensing authorities should exercise their functions, and the principles they should apply in doing so);

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- c. Subject to the above, reasonably consistent with the licensing objectives (preventing gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime; ensuring that gambling is conducted in a fair and open way; protecting children and other vulnerable persons from being harmed or exploited by gambling); and
 - d. Subject to all of the above, in accordance with the licensing authority's policy statement published under [section 349](#) of the Act.
32. It is also a requirement in the Gambling Commission's social responsibility code of practice that operators conduct local risk assessments for each existing or new premises. Local risk assessments must take into account the licensing authority's statement of licensing policy, and must be reviewed and updated to take account of significant changes in the local area. Gambling operators are not required by licence condition to share their risk assessments with the licensing authority, but [LCCP ordinary code 10.1.2](#) establishes that this is best practice for premises applications and variations, and on request.
33. The Gambling Act also provides licensing authorities with the powers in appropriate circumstances to:
 - Set proportionate licensing conditions, considering local factors such as proximity to a school. Conditions might relate to security (e.g. requiring a minimum number of staff members at certain times, requiring CCTV), requiring 'challenge 25' policies, requiring staff training and restricting the provision of cashpoint facilities on the premises;
 - Grant the temporary use of premises for gambling;
 - Regulate gaming and gaming machines in alcohol-licensed premises;
 - Grant permits for gaming machines in clubs and family entertainment centres, and for prize gaming.
34. The licensing authority's policy statement is a key tool for authorities to set out their priorities and objectives relating to gambling, with a strong consideration of local issues and risks. The purpose of the document is for licensing authorities to develop and publish their vision for the local area and a statement of intent to guide decision-making. Licensing authorities must consult the local police, local gambling operators and people likely to be affected by the statement. They may also consult more widely, for example with local faith groups, voluntary and community organisations, advocacy organisations and local public health and mental health teams. Across the country, the level of detail provided in policy statements varies. There are examples of authorities providing significant evidence on local risks (e.g. clustering of premises), including spatial analysis. Policy statements must be updated every 3 years, but can be updated more frequently.

35. The 'aim to permit' provision is a key principle of the Gambling Act and also appears in regards to the Gambling Commission's statutory duties. The significance of the provision in the 2005 Act is that it shifted regulation away from the demand test approach previously adopted. [Section 153](#) specifically prevents licensing authorities from using expected demand for a gambling facility as a factor in making a decision. In essence, the 'aim to permit' means that gambling should be permitted unless there is a valid reason why it should not be, but controls may be introduced as necessary to minimise risk.
36. The fees that licensing authorities collect for applications and annual renewals are used to cover the cost of administration and enforcement. This activity may include inspecting premises to ensure that they are complying with their licence or dealing with complaints from residents or neighbours. [The Gambling \(Premises Licence Fees\) \(England and Wales\) Regulations 2007](#) established the maximum level of fees that Local Authorities in England and Wales can charge for gambling premises licences. This cap has not been updated since 2007.
37. Scottish Ministers also have the power to set application and annual fees for premises licences, which differ from the fees set out for England and Wales, set out in [the Gambling \(Premises Licence Fees\) \(Scotland\) Regulations 2007](#).
38. Licensing fees vary by premises type. For example, the maximum annual fee for a large casino is £10,000 in England and Wales, and £7,500 in Scotland. The maximum annual fee for an adult gaming centre is £1,000 in England and Wales, and £700 in Scotland. In Scotland, the fees are set at a flat rate by Scottish Ministers. In England and Wales, the government sets a cap and licensing authorities have flexibility below that to set their fees. The fees must be set on a cost recovery basis to cover the cost of administration and enforcement (e.g. inspections), and are therefore essential to ensure that licensing authorities can properly regulate gambling in their areas.

The challenge

39. A central premise of the Gambling Act 2005 was to regulate gambling and manage gambling-related risks through controls which included restricting the number and location of gambling products, in particular gaming machines. The Act embedded a principle that gambling should generally take place in gambling-specific premises as opposed to places where it would be incidental to the establishment's primary purpose, such as cafes or taxi offices. Within those dedicated premises, the 2005 Act envisaged a hierarchy where the highest risk activities (such as certain gambling products, or having alcohol and gambling available at the same time) were confined to establishments

with more controls. It also assumed that restrictions on machine availability and numbers of casinos were important protections for customers.

40. The continual accessibility of online gambling has challenged these underpinning assumptions. This strand of the Review set out to consider whether the current rules and protections outlined above are still relevant and provide the right protections for customers, taking into account the emergence of online gambling, and the changes in technology and society since 2005. Our aim is to ensure that customers are adequately protected from harm wherever they gamble.

Evidence

41. Land-based industry operators, manufacturers, campaign groups, local authorities and trade associations, and individuals submitted evidence to the Review. This has been considered alongside other evidence available to us and [advice from the Gambling Commission](#).

Land-based industries

42. Industry submissions put forward a range of proposals for changes to the rules that could allow the sector to develop and thus support the Review's objective of ensuring the regulatory landscape for land-based gambling reflected changes since 2005. These proposals included relaxing rules to allow licensed bingo premises to offer a greater range of products to customers; amending the ratio of Category B to Category C/D machines in some venues; permitting the adult gaming centre and betting sectors to link jackpots across gaming machines; and permitting the live testing of new gaming machines in order to gather evidence of harm and mitigations ahead of a possible roll out. These are considered in more detail within our proposals below.
43. A number of machine game supplier submissions argued that the Gambling Act as currently drafted limits innovation across the sector, highlighting that some of the restrictions on machine games (such as the inability to sub-divide Category C machines) are set out in primary legislation that cannot be amended as quickly by regulations or licensing conditions. These submissions called for more powers to be delegated to ministers or the Gambling Commission so that machine games can more quickly adapt to future changes. Some submissions also made the case that the triennial review process (a formal feature of gambling regulation before the 2005 Act) allowed a regular review of the rules applied to machine games and therefore enabled a process for stake and prize limits to be amended to reflect inflation or wider changes.

44. We received a cross-industry submission from the Cashless Group, made up of casino, adult gaming centre and bingo sector operators and trade bodies, in response to Question 40 on harms and benefits of cashless gambling. We also received submissions from campaign groups and academic research highlighting the risks of cashless gambling and possible mitigations. We set out the evidence in more detail in [section 6.3](#) below.
45. Casino operators and trade body representatives were unanimous in calling for changes to machine allocations and machine to table ratios in casinos, viewing this as essential for the long term viability of the land-based casino sector, and to ensure a more equitable approach between online and land-based casino gambling.
46. We received evidence from a range of stakeholders in response to whether new types of casino created by the 2005 Act meet the Act's objectives for the sector. Respondents included local authorities who had issued licences in their area. A key point was that only 8 of the 16 licences made available in 2005 have since been developed (with one having subsequently closed), which is in part attributed to licences not being allocated on the basis of customer demand. Operators told us that there are few places where demand for casinos is not currently met, but that there should be a mechanism for allocating licences to these areas in future. A report submitted to our call for evidence found that the 2005 Act casinos had generated some benefits to the local economy including regeneration, jobs and money paid to local authorities as part of the arrangement for the licence being awarded. The Gambling Commission found that there was no distinction between the casinos licensed under the 2005 Act and those licensed under the 1968 Act in terms of its enforcement and compliance work on anti-money laundering and safer gambling issues.

Campaign groups and individuals with personal experience of harms

47. Gambling harm campaign groups said that land-based premises are easily accessible and can be a gateway to harmful gambling and therefore should be made safer. However, evidence from these groups was typically directed towards other areas of the Review such as online player protection, children and young people, and advertising.
48. There was some emphasis on cashless gambling and acknowledgement of arguments both against and in favour of allowing greater use of debit card payments. Some submissions highlighted that gambling blocks on debit cards could make it easier to prevent harmful gambling and track customer spend. However, some also voiced concerns that payment with debit cards could make it harder for customers to stay in control of spending and some were sceptical of the extent to which existing debit card technology would make it

possible for operators to track chaotic play and intervene appropriately. This is explored further below.

Licensing authorities

49. As outlined above, the 2005 Act gave licensing authorities a range of powers to regulate gambling in their local area. However, licensing authority responses to our call for evidence suggested that further powers were needed to give them a real say on gambling premises in their areas and protect communities. Clustering of gambling premises in certain areas was cited as a particular problem. Some responses also suggested that more guidance, in particular relating to attaching licence conditions, would be helpful.
50. Most submissions to the call for evidence from licensing authorities cited the 'aim to permit' provision in the 2005 Act as an issue. In particular, licensing authorities were concerned that the 'aim to permit' results in the granting of premises licences even when specific harms or risks have been identified. Because of this, many suggested that the 'aim to permit' should be removed.
51. Some licensing authorities, as well as the Local Government Association (LGA), specifically suggested that cumulative impact assessments (CIAs) should be introduced for gambling premises licences. This is an element in the alcohol licensing process that captures a wide range of evidence to inform licensing decisions.
52. Other suggestions from licensing authorities included that operators should be required to provide a local risk assessment alongside a premises licence application, and that authorities should be permitted to set a fixed number of premises that would be acceptable in a given area where this is considered higher risk.
53. Through the call for evidence, some licensing authorities voiced concerns about their ability to protect vulnerable communities and to train staff. One submission stated a preference for a removal of nationally set fees, to a flexible system where local authorities can set fees in accordance with their costs (as happens with alcohol and taxi licensing). However, as not all licensing authorities charge the maximum fee, this suggests that appropriate flexibility is possible within a cap.
54. We also received evidence from the pub industry, trade associations, machine game manufacturing industry, campaign groups and local authorities in response to Question 44 of the [call for evidence](#), which asked if we should moderately increase the threshold at which licensing authorities should authorise gaming machines in alcohol licensed premises. We set out the evidence and our conclusion on this issue in [section 6.4](#) below.

The Gambling Commission

55. The [Gambling Commission's advice](#) on land-based gambling sets out four main recommendations, together with commentary on specific issues explored in, and raised in response to, the government's call for evidence.
56. The first recommendation focuses on the importance of account-based play in protecting customers in land-based settings, asking the government to encourage operators to use such technology to identify and protect customers at risk of harm, subject to a proportionate approach. The second recommendation supports amending land-based controls to take account of changes in technology and consumer behaviour, ensuring that amendments include appropriate safeguards for consumers, avoid unintended consequences and have due regard to the original intentions of Parliament. The third recommendation was that it would be appropriate for restrictions currently on the face of the Act to be removed and allow technological changes to be reflected in requirements more easily. Its final recommendation in this area is that any move towards the use of debit cards on gaming machines should strike an appropriate balance between regulation applicable to modern payment methods, consumer benefits and protection of the licensing objectives.

6.2 Casinos**Changes to the legislative landscape for land-based casinos**

57. The current regulations and statistics relating to the different types of casino licence are set out in [Figure 21](#) below.

Figure 21: Casino Licences (Current Situation)

Current rules on casinos	1968 Act	2005 Act (Small)	2005 Act (Large)
Number of venues	137 active licences in 114 buildings*/c.49 dormant licences**	3 (8 licences available, one previously open but now closed)	4 (8 licences available)
Maximum no. of Cat. B machines (£5/£10,000 stake/prize limit)	20	80	150
Machine/table ratio	None	2:1	5:1

Current rules on casinos	1968 Act	2005 Act (Small)	2005 Act (Large)
Space restrictions	a) None	a) 500-1,500sqm***	a) 1,500-3,500sqm
a) Gambling area	b) N/A	b) 500sqm	b) 1,000sqm
b) Table gaming	c) 10% if 200sqm	c) 250sqm	c) 500sqm
c) Non-gambling			

Source: DCMS

*some operators use more than one licence at the same physical premises to maximise machine allowances, but each is an active licence in its own right and there must be some demarcation/ physical separation within the building

**premises that have never opened or that are currently closed (temporarily or indefinitely)

***the minimum size possible would be 750sqm (a+c) but would need to be larger to accommodate machines in addition to tables

58. These requirements have resulted in some issues for the sector. Casinos originally licensed under 1968 Act provisions are limited to 20 Category B gaming machines regardless of size, and a Small 2005 Act casino would need 40 tables to be allowed 80 gaming machines whereas a large would only need 16. The ratio of machines to tables in 2005 Act Small casinos has forced operators to provide redundant tables which, alongside the locations to which the licences were allocated in 2007, has contributed to making them commercially unattractive for development. Only 4 of the 8 Small casino licences have been developed, and the only Small casino to be newly developed (rather than move over from the 1968 Act system) closed after 18 months.
59. In support of its case for additional machines, the industry provided evidence that the current low availability of machines can in fact increase the risk of gambling-related harm, as customers play for longer on machines due to fear of losing their place. Data was provided for a London casino over a 4-week period in October 2019 for carded play, which represented 45% of overall slots play. This presented a clear correlation between average dwell time and occupancy rates. Data was also provided on the increase in session times at busy periods in a 1968 Act casino, compared to a 2005 Act casino of comparable size. The sector also referenced customer demand: the Hippodrome has 52 tables but can only have 20 Category B machines despite being the size of a Large 2005 Act casino. It has 75 customers for every gaming machine at busy times and could easily absorb 60 additional machines without impacting its wider leisure offer.
60. Machine allowances in Great Britain are low compared with other European gaming jurisdictions, with only Poland's upper limit being below that of a 2005 Act Large licence. Of the other jurisdictions that apply a machine-to-table ratio,

all currently permit a greater proportion of gaming machines compared to Great Britain.

Figure 22: Restrictions on gaming machines in casinos in other European countries

Country	Limit
Austria	350 machines
Belgium	15 machines: 1 table
Cyprus	2,000 (Integrated Resort Casino); 50 (satellite casino)
Czech Republic	30 minimum (no maximum)
Denmark	No limits
France	25 machines: 1 table
Greece	No national limit
Germany	No national limits (no limits in most states)
Hungary	1,000 (Licence I class); 300 (Licence II class)
Italy	No national limit
Luxembourg	375
Monaco	No limits
Montenegro	Localised limits
Netherlands	No limits
Poland	70 machines
Portugal	No national limit
Spain	No limits
Sweden	10 machines: 1 table

Source: Betting and Gaming Council

61. In proposing an increase in machines to put 1968 Act casinos which are at least the size of a Small casino on the same footing as a Small 2005 Act casino, the industry also proposed a sliding scale whereby 1968 Act casinos smaller than a 2005 Act Small casino would be permitted some additional machines, proportionate to their size. The industry argued this would prevent a scenario in which two casino venues of different sizes, located close to each other, could have vastly different gaming machines allowances.

62. In its [advice to the Review](#), the Gambling Commission recognises the issues referred to above and prefers a machine/table ratio to a fixed entitlement to support a balance of gaming products. Its preferred approach is for 1968 Act premises to convert to 2005 Act premises (rather than be given the same machine allowance) in order to deliver the original intention of the 2005 Act that all premises would eventually be of the new type. It also advised that increased entitlements should only go to 1968 Act sites meeting the same overall gaming/non-gaming space requirements as 2005 Act Small premises. In line with its 2018 advice to government, this is on the basis that a larger complement of gaming machines should be available only in premises which are also required to provide non-gambling leisure facilities, so as to achieve a balance in the leisure provision.

Our conclusions

63. In the last Gambling Review in 2018, the government acknowledged that machine allocations in casinos were low by international standards and said the question would be revisited if additional measures were put in place to manage the risk of gambling-related harm effectively.
64. Since that Review was published, many casinos have adopted a range of measures that enhance machine protections including:
- Tracking and monitoring of customer expenditure across all gaming products in real time, with staff equipped with tablets showing live data;
 - Enhanced due diligence measures, with trigger values for spend and loss applied to customers;
 - Algorithmic systems that use predictive models to identify customers at risk based on individual transactions;
 - New safer gambling messages on ATMs and electronic machines;
 - The ability for customers to set their own time and loss limits directly at electronic terminals and gaming machines;
 - Financial risk profiling on customers who are members based on postcodes and nationally-available data;
 - Mandatory employee training on licensing objectives, safer gambling and anti-money laundering.
65. Not all these tools are applied universally and further development is desirable, including on account-based play in line with the Gambling Commission's recommendation across the land-based sector. The Gambling Commission's review of gaming machine technical standards will be relevant here and is described in more detail in the following section.

66. **However, given these enhanced protections and the experience of 2005 Act casinos since the Act was introduced, we consider it would be justified to bring greater coherence to the licence system by applying the same principles to casinos of a certain size.** This is consistent with the intention of the 2005 Act to create destination venues with a balanced offer of gaming products and other leisure activities. We also consider that allowing a smaller increase in machines where this is proportionate to overall size and non-gambling space (a sliding scale) would also be appropriate, and allow a proportionate increase for smaller casinos whilst maintaining a balanced offer of gaming products. We have considered the potential risk of harm from increasing the machine allowance and think that the mix of products is appropriate for the environment if the safer gambling tools described above are applied effectively.
67. **We propose to consult on introducing a common machine to table ratio of 5:1 across the casino estate, increased from 2:1 for Small casinos. Where 1968 Act casinos meet the minimum requirements for overall gambling space (500 square metres) and non-gambling space (250 square metres) of a Small 2005 Act casino, they would be eligible to be subject to the same cap of 80 machines and a machine to table ratio of 5:1. 1968 Act casinos which do not meet these size requirements will also be able to benefit from extra machines on a pro rata basis commensurate with their size.** This sliding scale would still maintain a requirement for a balance between non-gambling space and overall size but would allow a proportionate increase. For example, this could mean that a casino with 140 sqm of non-gaming space, and 280 sqm of overall space, could be allowed a maximum of 25 machines subject to a 5:1 ratio of machines to tables.
68. A summary of the changes is set out in [Figure 23](#) below. We will also address the inconsistency in Small premises size requirements that requires them to have a minimum table gaming area of the same size as the minimum gambling area, and enact the commitment made in the last gambling review to be clear that only live tables with a dealer will count towards the ratio.

Figure 23: Summary of proposed changes to Casino Licences (in **bold and green**)

	1968 Act (smaller than 2005 Act small)	1968 Act (meeting size requirements)	2005 Act (Small)	2005 Act (Large)
Number of venues	C. 50 current premises eligible	c 45 current premises of eligible size	3 (8 licences available, one previously open and closed)	4 (8 licences available)
Maximum no. of Cat. B machines (£5/£10,000 stake/prize limit)	Subject to sliding scale, proportionate to size	80	80	150
Machine/table ratio	5:1	5:1	5:1	5:1
Space restrictions a) Gambling Area b) Table gaming c) Non-gambling	N/A	a) min 500sqm b) TBD c) min 250sqm	a) 500-1,500sqm* b) TBD c) at least 250sqm	a) 1,500-3,500sqm b) at least 1,000sqm c) at least 500sqm

Source: DCMS

*For extra machines

69. Gambling operators must ensure that their supervision and monitoring of gaming machines enables them to meet the requirements of the Act and conditions of their licence. As the [Gambling Commission's advice](#) underlines, as a minimum, operators must be able to implement age verification and customer interaction, and maintain self-exclusion effectively regardless of the number of machines they are permitted to offer.
70. Government and the Gambling Commission will consider what adjustments are necessary as a consequence of putting casinos from different legislative backgrounds on a more equal footing, and increasing machine allowances, as well as grandfathering arrangements for the smallest casinos or those which do not wish to move to the new system. The Gambling Commission will

consider what changes will be required to mandatory premises licence conditions (for example, on common standards of supervision and monitoring) and licence fees for operators. While significant changes can be made through secondary legislation, we may also consider whether changes are required to simplify the system of casino licences, when Parliamentary time allows.

71. As well as bringing commercial benefits for operators and improving the customer experience, these measures are expected to bring player protection benefits; in particular, a greater willingness amongst customers to take appropriate breaks in play without fearing that they would lose their place at the machine.

Expected impact

72. Around 45 current 1968 Act casinos meet the minimum overall size and non-gambling space requirements for a 2005 Act Small casino and would therefore be able to offer a maximum of 80 machines. We estimate around 50 casinos smaller than the 2005 Act Small casino would also be able to benefit from increased machine allowances, proportionate to their size and non-gambling space.
73. Increased machine allowances across the casino estate will bring commercial benefits to casino operators, and allow them to compete on a more equitable footing with online operators. The proposal is expected to contribute to customer enjoyment by better matching the demand and supply of machines, and to player protection by encouraging players to take breaks in the knowledge that it is much more likely a machine will be available if they want to return. The proposal is also expected to lead to casino experiences being more in line with international gaming jurisdictions, potentially elevating the reputation of Great Britain as a gaming destination for international tourists.

Reallocating unused 2005 Act licences

74. There are currently 137 active casino licences which originated under the 1968 Act, three casinos with a Small casino licence and four with a Large casino licence under the 2005 Act. It is not possible to create any new 1968 Act licences as these were superseded by the 2005 Act system, which preserved 1968 Act casinos on an open-ended basis. Some licences within permitted areas remain dormant as operators do not consider that there is sufficient demand. 1968 Act licences can move premises within a licensing authority (with agreement from the licensing authority), whereas 2005 Act licences cannot once they have been allocated to specific locations. As part of the arrangements for allocating existing 2005 Act licences, where more than one operator wanted to develop a casino, local authorities were able to take into account the financial contribution of operators towards regeneration and

harm prevention. Four of the Large 2005 Act licences and five of the Small 2005 Act licences are not in use.

75. Under existing legislation, government could create more new 2005 Act licences or alternatively seek to offer up as yet undeveloped 2005 Act licences for reallocation. Both of these options would require a process to be put in place to enable a licensing authority to apply for the right to issue a casino licence in its licensing area. Local leaders of some areas without 2005 Act licences have expressed interest in a licence as a driver of regeneration.

Our conclusions

76. **We propose to write to local authorities with unused licences to ask them to confirm whether there is an intention to develop the licence. Where an authority has no intention of progressing a licence, we will act promptly to offer up unused licences for reallocation so that other areas are able to benefit.**
77. **Where an authority retains an interest, we will look to learn more about its current position and the barriers to making progress within a reasonable time, with a view to evaluating whether an unused licence should be reallocated. In the event that one or more unused licences will be reallocated, we will consult on a process for local authorities to express interest in developing a casino in their area, including on the criteria against which expressions of interest should be evaluated.**

Expected impact

78. The proposal to offer up unused casino licences for reallocation has the potential to bring economic benefits to communities where a casino would add value to their area as a destination. According to evidence from the Betting and Gaming Council, casinos received more than 17 million customer visits in 2019, including a large number of visits from tourists and overseas customers.

Permitting land-based casinos to offer credit to international visitors

79. The Gambling Act 2005 currently prohibits land-based casinos and bingo premises from offering credit. The vast majority of customers in high-end casinos are high net worth individuals based overseas, who typically gamble in several jurisdictions. This type of customer also gambles in some other casinos, in London in particular. They are used to short-term credit arrangements in other jurisdictions, without which they would incur the cost of currency exchange each time they needed additional funds to stake.
80. Until recently, casinos in Great Britain have been able to accept a cheque from the customer, which is a permitted payment mechanism under the Act.

The customer would then settle their debt or be paid winnings at the end of a visit to the UK, without incurring multiple sets of exchange fees. The Gambling Commission has made clear that it expects casinos to bank customer cheques in accordance with their normal banking arrangements. However, there is no statutory provision for the timeframe within which cheques must be banked. Due to changes in the way money is handled across society and the global economy, banks are now removing overseas cheque processing facilities. No workable alternatives have been identified despite government and operators having been in discussion on this issue since the withdrawal of cheques was first mooted by the banking sector in 2017.

81. According to submissions to our call for evidence, 90% of revenue in a small group of high-end casinos comes from customers based overseas, and before COVID-19 60% of overall business was conducted through cheques. Some casinos outside of this small group, mainly based in central London, also conduct business with overseas customers via cheques, although it is a lower percentage of their total business. However, in one casino it accounts for around 48% of overall money exchanged for chips within the venue in a typical year.

Our conclusions

82. **We propose to amend the 2005 Act when Parliamentary time allows to remove the prohibition on the giving of credit in land-based casinos.**
In order to limit the facility to offer credit to overseas customers, we propose to remove the prohibition only in respect of customers not resident in the UK.
83. **Alongside the removal of the prohibition, the Gambling Commission will specify in licence conditions and codes of practice the conditions under which credit may be offered, including checks which must be made.**
We will work with the Gambling Commission to ensure these conditions are robust. A further safeguard to ensure that credit will not be available more widely is the fact that it will be offered at the casino's risk following extensive anti-money laundering (AML), Know Your Customer (KYC) and Enhanced Customer Due Diligence (ECDD) checks at the point at which credit is offered. Any arrangement will also need to be compliant with the Financial Services and Markets Act 2000 and Financial Conduct Authority rules.
84. Travel restrictions in the UK and overseas have compounded the impact of COVID-related closures for the high-end casinos, which competes with jurisdictions such as Monaco, Singapore and Macau rather than mainstream British venues. This measure is critical to the survival of the 'high-end' sector, which says it is confident that it can recover and continue to contribute in taxes and to the wider tourist economy if it is able to find a safe and practical way of transacting with its international clientele. The four high-end casinos that this

issue primarily affects contributed between £80 million to £100 million per annum in tax revenue to HMRC prior to COVID-19, and an industry report in 2017 indicated an additional £120 million GVA in tourism spend from casino visitors and those accompanying them. The availability of a short term credit arrangement is considered essential for the high-end sector to survive. We therefore propose to legislate when Parliamentary time allows.

Expected impact

85. This change will enable the continued viability of the high-end sector of casinos, and allow these casinos, and others that transact with these overseas based customers via cheques, to continue to contribute to the tax and tourist economy. The intervention is intended to ensure that customers are able to continue transacting without incurring the cost of currency exchange each time they need funds to stake in sterling, and also to improve the customer experience in the UK by replacing an outdated and increasingly inaccessible process involving cheques.

Betting in casinos

86. Betting is currently only permitted in 2005 Act casinos, which were intended to offer a wider variety of products as part of the destination casino model. However, according to the Gambling Commission's data, none of these casinos currently offer customers the ability to bet in their venues.
87. Industry submitted evidence that 88% of casino customers at a major casino chain also bet on sports online at least once a month, including on mobile devices while in the casino, and that international customers expect to see a sportsbook area as part of the casino offer. Conversely, we did not receive evidence that permitting betting in 2005 Act casinos resulted in increased harm. In its [advice](#), the Gambling Commission noted that allowing sports betting in casinos originally licensed under the Gaming Act 1968 was unlikely to have any particular impact on the licensing objectives given the regulated environment in which betting facilities would be offered, and that some casino operators had previously obtained general betting licences to offer sports betting alongside their casino premises.

Our conclusions

88. **In line with the intention of the 2005 Act to create casinos providing a range of gambling and non-gambling activities, we propose to permit sports betting in all casinos.** As well as supporting the recovery of those businesses which choose to offer betting, offering an alternative to betting on a phone while in a casino could lead to player protection benefits where the casino operators are better able to monitor all the customer's activities while in

their premises. The measure would also bring Great Britain's casino experience more in line with other gaming jurisdictions, with sports betting being an expectation for international visitors.

A new machine for high-end casinos with higher stakes and prizes

89. The vast majority of gaming machines in casinos are Category B1 machines, which have a £5 maximum stake and £10,000 prize limit. High-end casinos have told us that these machines are not relevant to their high net worth clientele, who can afford and are accustomed to gambling with much higher stakes. The high-end casinos are not distinct in legislation, and all have licences based on the 1968 Act; but their business model is very distinct in practice from that of most casinos in Great Britain and gaming machines contribute just 1% of their GGY compared with 20% to 30% in mainstream casinos. Operators of high-end casinos have proposed a new sub-category of gaming machine with a stake limit of £50 and a prize limit of £100,000.
90. The Gambling Commission's view is that before high-end casinos are allowed to site any gaming machines with large maximum stake and prizes, there would need to be more evidence on the anti-money laundering and safer gambling controls that could be put in place to provide these machines in a socially responsible manner, as well as further consideration of payment methods, noting the government's position on cashless payment more widely (see [section 6.3](#)). We also note that other casinos in London also transact with the customer group of high-end casinos, but have a wider customer base too, for which this machine would not be intended.

Our conclusions

91. **While the government is sympathetic in principle to the idea of a bespoke machine for high-end casinos, there would be substantial practical difficulties with ensuring it was only available in casinos or areas of casinos where such a high-staking machine would not substantially increase the risk of harm.** We therefore do not intend to take forward this proposal at present.

Electronic terminals in casinos

92. Casinos may use electronic terminals to offer games which are based on real events but only games based on the spin of a roulette wheel are currently available. Casinos may not offer (other than on a gaming machine) virtual casino games where random number generation (RNG) technology would be needed (e.g. to replicate the cards being dealt in blackjack or baccarat). Electronic terminals do not count as gaming machines and like live multi-player tables do not have stake and prize limits, other than operators' own

house limits. Wholly automated terminals (that is, linked to an electronic wheel, i.e. one not controlled by a croupier) are subject to a limit set by the Secretary of State of 40 terminals. Their speed (no more than 50 spins in an hour) is much closer to a live roulette wheel than any online or gaming machine roulette game. There is no limit on terminals which are semi-automated (linked to a wheel operated by a croupier).

93. Operators would like to be able to adapt their existing terminals to offer a wider variety of electronic casino games, using RNG technology. They say that this would allow them to offer games with lower minimum stakes and enable players to play at their own pace rather than that of other players at the table. Operators would be able to offer niche games which do not justify a table, and players would not have to queue for a table place. They propose that new games would be subject to the same player protection measures applied to existing play in casinos.
94. The Gambling Commission in its [advice to the review](#) is concerned that offering games in this format would subvert the balance between live table games and electronic gaming in the casino environment, and that automated terminals offering virtual games reliant on RNG software would not be subject to the stake and prize controls, game speeds or technical standards for either gaming machines or casino games. It is concerned that the risk of harm could increase if high volatility games were available to players who were not as closely supervised as those at a table and without the safeguards that typically apply to electronic gaming. Its advice is that RNG (virtual) games should be made available only on gaming machines where risk can be mitigated through stake and prize limits and technical standards (on for example limit setting), especially given the increased availability of B1 machines to casinos arising from our proposals above.

Our conclusions

95. **Having considered the evidence overall, and taking into account that terminals are currently used for roulette and could enable players to choose to play other casino games at lower stakes than at tables, we are not opposed in principle to allowing a wider range of games on these machines, subject to appropriate protections.** If a wider range of games were to be permitted, limits would need to be set on the total number of automated machines to minimise the impact of this change. We would need to do further work to ensure that robust player protections were in place to mitigate any harms, particularly taking into account the issues raised by the Gambling Commission about appropriate legislative safeguards on stake and prize levels, game speeds and the ability to set technical standards. Subject to this further work, we may bring forward legislation when Parliamentary time allows.

6.3 Electronic payments

96. The original purpose of rules prohibiting the use of debit cards on gaming machines was to protect players. Cash-only gambling was assumed to give players more control over their play by providing natural interruptions in play to obtain more cash, helping players play within budget limits. The legislation also requires ATMs to be positioned so that any customer who wishes to use them must stop gambling in order to do so. Since these rules were put in place, the use of non-cash payments has increased greatly across society. The call for evidence asked about the evidence on the harms or benefits of permitting cashless payments for gambling. We received evidence on cashless gambling from operators, researchers and campaign groups.
97. The cross-industry submission from the Cashless Group cited evidence of technological change and developments in consumer behaviour over recent years to support its argument that enabling cashless payments would meet consumer expectations. It pointed to the declining use of cash across society, including financial industry reports stating that card payments [represented over 50% of UK payment transactions](#) for the first time in 2019. It also pointed to the Access to Cash review which predicts an almost complete [absence of cash in the UK by 2035](#). The Cashless Group argues that the land-based sector has been negatively impacted and competitively disadvantaged compared to the online industry. There is ongoing work in the sector to develop ways to ensure cashless gambling has safer gambling controls, which we explore further below.
98. Operators told us that change was needed in order to future-proof the land-based gambling industry, arguing that consumer preference for cashless payments has been accelerated further by COVID-19, which is supported by [research by the Bank of England](#). They also pointed to anecdotal evidence that indicates a decline in gaming machine usage in alcohol licensed premises by casual pub goers, who now pay by card but who previously might have played a machine using spare change. Data from one national pub company, provided through the British Beer and Pub Association, shows the increasing preference towards cashless payments: in 2011 72% of payments in pubs were made using cash but this had decreased to 13% in 2020. This indicates that unless customers actively plan to bring cash to a pub for use on a gaming machine, they are unlikely to be able to use one. Bacta highlighted that pubs no longer give cashback and ATMs have all but disappeared from pubs, making it more difficult for customers to access cash to use on machines. They also noted the cost of refloating machines, which has become more challenging for pubs where cash payments are not taken over the bar. Operators also raised the increased risks of cash-only usage on gaming machines. In particular, they note that gambling premises such as arcades have become increasingly susceptible to robberies.

99. The Cashless Group acknowledged the need for appropriate player protections and suggested ways in which friction could be introduced. Protections already installed on machines include safe play messaging and session time limits. The Group pointed to the scope for future protections, including transactions taking a minimum time to complete (e.g. 30 seconds), double confirmation of each transaction, maximum deposits to enforce time breaks and operator-led aggregated data on spend levels and trends for players.
100. Submissions from campaign groups were balanced on the topic. Some acknowledged that cashless payments could provide an opportunity to improve player protection in land-based venues, particularly if banks were able to supplement current gambling spend blocks with the facility to set spend limits. A survey carried out by GamFam and submitted to the call for evidence included suggestions that cashless payments using debit cards with customer ID cards could effectively increase monitoring in venues. As noted in [Chapter 1](#), we welcome the work which banks and payment providers are doing to allow customers to better control their gambling spend.
101. We also found evidence that supported retaining the option of using cash in venues. [Gambling Commission research](#) showed that 79% of land-based gamblers feel that paying with cash helps them to feel in control of their spending, 73% saying that it makes it easier to keep track of spending, and 70% reporting that it makes it easier to set limits on spending. Campaign groups have also highlighted that many people with mental health problems or on low incomes prefer to use cash to keep track of their spending.
102. [The Gambling Commission's advice](#) emphasises that account-based play could have an important role in protecting consumers of land-based products. It also highlights that any move towards debit card payments directly on gaming machines would need to strike an appropriate balance between regulation applicable to modern payment methods, consumer benefits and protection of the licensing objectives. However, the advice is that the onus should be on industry to demonstrate how developments on cashless payments can be offered in a manner which does not increase the risk of gambling harm or gambling-related crime, such as money laundering.
103. The Gambling Commission welcomes cashless payment technology, such as app-based digital payments, that can be used to improve safer gambling measures and reduce money laundering risks. Apps have been developed which enable payments to be made indirectly, from a bank account to the app and then to the machine. The apps can also enable customer verification, capture a player's spend across gaming machine sessions and enable users to set their own limits or self-exclude. Such apps have so far only been rolled out for use on a relatively small proportion of gaming machines, principally in

pubs. Initial data from operators indicates that relatively few transactions take place through app-based payments. Operators have said that they believe that apps are useful in giving customers increased choice in payment type, but are not a fix-all solution due to their low take-up.

Our conclusions

104. The industry's case for cashless gambling on machines is based on changes in how society uses cash, and the safety implications for land-based venues. It has taken steps to increase existing protections on machines as well as exploring ways to build friction and safer gambling measures into cashless payments. Apps could be helpful in bringing in safer gambling controls to cashless payments, but we acknowledge this is most likely to be one option for payment, rather than the only alternative to cash. We agree that operators should maintain a range of payment options, including cash, to allow for customer choice and ensure that gambling harm is kept to a minimum.
105. We also acknowledge the place for debit card payments and the opportunities that other technology provides for replicating the friction in the payment process, as well as the scope for player identification and tracked play. Therefore, **we will work with the Gambling Commission to develop specific consultation options for cashless payments, including the player protections that would be required before we remove the prohibition.** A consultation will allow the industry to respond to any principles and specific requirements that the government and Gambling Commission require in order to ensure that the introduction of cashless payments does not lead to an increase in risk to consumers. We will require any new or additional requirements for operators in relation to cashless payments on gaming machines to be in place before the prohibition is lifted.

6.4 Machine games and licensed bingo premises

Rules on gaming machines in land-based venues

106. The call for evidence asked whether any rules for the land-based sector should be changed in order to meet the objectives set out in the Review. In response to this, we received a number of proposals for changes to rules surrounding gaming machines in venues. Operators, trade associations and manufacturers called for rules on testing and the range of products allowed in venues to be reviewed. We have reviewed these proposals alongside evidence of harms of machine game play, evidence from campaign groups and [advice from the Gambling Commission](#). We have identified two areas for change – proposals for new machine games and re-assessing the balance of Category B machines in venues – which we explore below.

107. **The Gambling Commission will conduct a review of gaming machine technical standards.** The review will include an assessment of the role of session limits across Category B and C machines and the role of safer gambling tools. This review will consider the effects of any legislative change following the Gambling Act Review and, where appropriate, will consolidate the progress made so far by the industry on a voluntary basis.

Proposals for new machine games

108. A number of proposals from the land-based industry related to concepts of new machine games and categories of gaming machine which do not currently fit into existing regulations or current technical standards. These included potential community multi-player games with an element of chance, in which players would compete against each other in the same event and which are not currently permitted by current Category C rules. They also included a proposal for an “entertainment with prizes” machine game which could have a longer game time and multiple stakes, which would also not be permitted by current stake and prize limits.
109. We also received industry proposals to allow linked jackpots in more land-based venues. Currently, gaming machines can only be linked in casinos – and only sub-category B1 machines on the same premises – with the maximum prize set at a double that for a non-linked sub-category B1 machine. Some land-based operators proposed that players in venues other than casinos should be able to choose to allocate a small proportion of their stake towards an additional prize pot. This prize pot would be available only to those playing the linked machines and prizes would not exceed the maximum prize ordinarily available for that category of linked machine. They argued that given they are not proposing to increase the level of prize, there would be no significant changes to the maths of the gambling offer for the player, but that it would allow a more varied customer experience.
110. Some manufacturers described a decline in gaming machine manufacturing in the UK, claiming that a lack of ability to create new games and machines stifles innovation. They argued that the ability to create new machine games could support the supply chain and help meet changing customer demands, while a regime that permitted them to be piloted could help the industry make the case for their wider introduction and ensure appropriate protections for vulnerable people through real-life insights on how the games are played.
111. Bacta (the trade organisation for family entertainment centres, adult gaming centres, operators and manufacturers), proposed the live-testing of concepts for new machines so that industry, the Gambling Commission and government could gather evidence on the potential gambling harms and mitigations.

Our conclusions

112. The proposals put forward by industry for new machine games are not yet fully developed and will require further exploration with the government and the Gambling Commission. Rules on stakes and prizes, and the technical standards for machine games (summarised in [Figure 20](#)), serve to protect customers from harm. For example, operators in certain locations are limited in terms of the number or type of machine category they can offer. We do not wish to risk increasing harm by introducing untested, new concepts other than on a time-limited basis and with appropriate safeguards in place.
113. [The Gambling Commission's advice](#) on this issue cautions that a new machine game with a higher stake/prize (for example, the 'entertainment with prize' concept, that could permit up to ten stakes of £1 each in a game cycle) has the potential to attract players who previously experienced harm on (pre-stake cut) B2 gaming machines (although we note that industry proposals are not aimed at single players on these machines, they could in theory be used as such). The Commission's [advice](#) also noted that enabling such a concept on Category C machines could potentially lead to a £10 stake gaming machine being made available in alcohol-licensed premises such as pubs, outside of the regulatory ambit of the Commission. The Commission also raised concerns that linked machines could encourage riskier gambling behaviour and be of concern for vulnerable customers, and that such proposals would need to be more fully explored.
114. While we are mindful of the potential harms of new machine products, we acknowledge that these may be substantially theoretical until evidence is obtained on their practical risks. A controlled trial could allow operators and the Commission to test the effect of new gaming machines on gambling behaviour, gather evidence of harm, and propose further safety measures (which could, for example, include restrictions on the type of premises in which a linked machine is available), before the government and Commission would consider a wider rollout.
115. **We support allowing some of the concepts proposed in the call for evidence to be tested carefully through planned pilots under certain conditions, with the close involvement of the Gambling Commission.** The Gambling Act 2005 does not currently allow for pilots of new machine games that would be inconsistent with legislative provisions on stake and prize, and does not allow for any sub-divisions of Category C gaming machines (unlike Category B machines), which some of these concepts could require. This will require primary legislation so we propose to legislate when Parliamentary time allows.

116. This would be a two stage process of first removing legislative barriers to creating a pilot scheme, including creating a power to subdivide Category C, before putting in place further rules which set the parameters of any trials, which would need to be approved by the Gambling Commission.
117. If the government were minded to permit the wider rollout of a type of gaming machine in the wake of a trial, a statutory instrument could be laid to create a new subdivision of Category C. Whether to proceed with such secondary legislation would be at the discretion of ministers, and then subject to Parliamentary approval. A wider rollout could include potential restrictions, for example on the number of machines or where they can be located.
118. **The Act currently prohibits the linking of gaming machines other than in individual casino premises. If Parliamentary time allows, we would also consider making changes to allow trials of linked machines in venues other than individual casinos, and to permit the rollout of linked machines more generally (e.g. after a trial has taken place and the data analysed).** Similarly, this would be a two stage process where ministers could make secondary legislation permitting a wider rollout of linked machine games at their discretion, with any such proposals being subject to Parliamentary approval.

Category B machines in land-based venues

119. We also received evidence on the current balance of Category B and Category C and D gaming machines in adult gaming centres and licensed bingo premises. Currently, no more than 20% of the total number of gaming machines in licensed bingo premises and adult gaming centres are allowed to be Category B machines (known as the '80/20 rule'). This rule is intended to ensure a balance of machines available for customer use, limiting the number of machines with higher stakes and prizes and allowing larger operators to make commercial decisions on machine availability, rather than relying on fixed limits.
120. The case was made by some parts of the industry that the 80/20 rule is no longer fit for purpose, and does not allow industry to meet consumer demand or adapt to technological change. The bingo trade organisation provided evidence of consumer demand for Category B gaming machines in venues, over and above Category C and D machines, particularly during the short breaks in the main stage bingo game. Data provided to the Bingo Association by one of its members (a bingo operator chain) indicated the current average customer dwell time on a B3 machine in a retail bingo hall was under 8 minutes, with an average loss of under £8. They argued that the 80/20 rule can mean operators have to oversupply other types of machines in order to

meet customer demand for Category B machines and that relaxing the 80/20 rule could lead to a reduction in the number of machines overall.

121. Adult gaming centre operators highlighted that modern B3 machines can incorporate automatic safety measures such as session time and spend limits. To further improve player safety on machine games, the arcades and bingo industries have committed to ensuring B3 machines in all venues allow players to set their own time and spend limits, or default to a £150/20 minute limit. Limit-setting features are already available on B3 machines in betting premises. Many of the legacy Category C and D machines that still remain in venues do not have these capabilities. Over recent years, operators have also brought in other increased safety measures including regular staff training and safer gambling advertising. Operators highlighted how machine software and design has changed since 2005. While machines have always been allowed to have multi-stake options, in practice, most earlier machines had a set fixed stake. Digital products have since made multi-staking easier to implement, allowing customers to stake at lower levels than the maximum.
122. Trade bodies representing the land-based gambling sector have recently established a new voluntary safer game design code for gaming machines which aims to instil a minimum set of standards for land-based game design. The code includes a commitment to introduce standards to all new land-based slots products such as ensuring cash payout games do not appeal to children and that awards below the stake are not celebrated. It also commits to further investigate the capacity for game labelling on multi-game machines and the visibility and prominence of safer gambling tools and help.
123. The Bingo Association has provided evidence to show that machines are not the main attraction for customers visiting a retail bingo club. It pointed to [research from 2016](#) which found that 28% of patrons of retail bingo clubs who visited at least once a month played fruit or slot machines and the majority of those who played these games did so for less than 30 minutes. While this research is now nearly 7 years old, the point that the headline product in retail bingo clubs is live bingo and customers tend to play machines in the breaks remains relevant. The bingo industry also pointed to [Gamcare helpline statistics](#) which show that under 1% of the calls are from customers playing bingo or gaming machines in a retail bingo club.
124. Operators have also highlighted the energy and operating costs of machines, noting that older machines are less likely to be energy efficient and more likely to break down. Due to the age of these machines, operators have also reported that it has become increasingly challenging to procure spare parts and that in reality, they have to oversupply lower stakes machines beyond the numbers required by the 80/20 rule to ensure compliance in the event of a machine breakdown. Concerns regarding energy efficiency are particularly

relevant, with operators estimating that costs have increased significantly over recent months.

125. [The Gambling Commission's advice](#) points to examples of operators intentionally subverting the 80/20 rule for machine games, for example by providing inaccessible Category C and D machines in order to have more Category B machines, and to their updated guidance to operators on this issue. Some licensing authorities also raised this as a concern. The Commission's [advice](#) is that the government should always ensure there are clear rules or measures in place that ensure a balance of higher and lower stake machine games is always available in high street venues to provide genuine customer choice and allow for lower stakes gambling.
126. Licensing authorities questioned whether the ratio approach to gaming machines is still an effective means of preventing harm in licensed bingo premises and adult gaming centres. The Local Government Association response stated that there are cases where a licensing authority would like to place further limits on machines in venues but are prevented from doing so (such as in a licensed bingo premises in an area of economic disadvantage). They suggest a new approach, such as specific or locally-set limits, would be more effective.

Our conclusions

127. We have considered the evidence presented by industry, licensing authorities and the Gambling Commission on this issue.
128. Industry has presented a case that the current rules do not meet customer demand, and that trying to maintain the 80/20 balance causes an over-supply of machines within venues, many of which are not used by customers. We acknowledge that some player safety improvements have been made to modern Category B3 gaming machines which cannot be easily replicated on the older Category B3, C and D machines. We strongly encourage operators to continue to improve player safety controls on B3 machines, for example by introducing controls to alert staff where a player meets spend or time limits. We also acknowledge the costs, not only of servicing the older Category C and D machines, but also in making (predominantly unused) Category C/D machines available to meet ratio requirements.
129. We have taken into account the fact that the relative value of a stake has reduced since the 80/20 rule has been brought in. The stake for Category C machines is currently at a maximum of £1 and was last changed in 2009 – if inflation had been applied this would (as of February 2023) be approximately £1.43. The maximum stake for B3 machines is £2 and was last changed in 2011. In February 2023 that stake (if increased for inflation) would be

approximately £2.70. Without an increase in stakes or a change to the 80/20 rule, operators have highlighted their difficulties in meeting increased costs.

130. We conclude that the 80/20 rule on gaming machines in arcades and bingo clubs is no longer required to offer the customer protections originally intended, and does not provide a workable framework for operators to make commercial decisions. It has also been overtaken by the development of digital Category B machines with improved player protections in comparison to older Category C and D machines, although we recognise there is scope to make further improvements. We also note that B3 machines can also now be played more easily at lower stakes. However, we remain of the view that it is important to maintain a balanced offering of higher and lower stake products in licensed gambling premises. **We therefore propose to consult on reducing the ratio from 80/20 (Category B to C/D machines) to 50/50 (Category B to C/D machines) in bingo and arcade venues.**
131. We expect this to enable operators to reduce the number of energy-intensive older machines that are less used by customers. Given the excess supply of Category C and D machines, this should reduce energy costs without materially reducing GGY. We also expect a small increase in the number of Category B machines, particularly in licensed bingo premises where players use machines in short breaks between bingo games. The full impact is explored in further detail in [section 10 of Annex A](#). Alongside the changes to this ratio, we expect operators to continue to improve player safety controls as outlined above, and work with regulators to ensure full compliance.
132. We are mindful of the Gambling Commission and local authorities' view that the 80/20 rule is difficult to police where some operators intentionally subvert the rules, for instance through offering game content on a very small device which may not be easily accessible to consumers. Whilst a change to the ratio does not necessarily remove these difficulties, the potential reduction in the required overall number of machines could bring about a more workable alternative, while maintaining a balance of machine types available to customers. We would expect industry to strictly adhere to this ratio and will set out detailed requirements in further consultation.

Machine games in alcohol licensed premises

133. The call for evidence asked whether there was evidence that government should moderately increase the threshold at which local authorities need to individually authorise the number of Category C and D gaming machines in alcohol licensed premises.
134. The pub and machine game industries provided evidence on this question. Some parts of the industry made a case that the system for changing gaming

machine numbers within individual pubs was bureaucratic. They also argued that as this is an automatic entitlement, they would like to see the notification process (which includes a prescribed fee and staff resource) removed on principle. Industry also argued that current numbers of machines in alcohol licensed premises would not be expected to increase substantially if the threshold were to be increased. Currently under 10% of pubs have more than four machines and the industry argued there would be no significant increases should the automatic entitlement and current process of notification and permits be changed.

135. Local authorities also provided evidence to this question. Some of these submissions pointed to the results of the [age-verification test purchasing](#) on machine games pubs in England and Wales, which was undertaken jointly by the Gambling Commission and Local Authorities, and found an 84% failure rate in 2019, and an 88% failure rate in pubs in England in 2018. Campaign groups also provided evidence linking an increased gambling risk with alcohol consumption.

Our conclusions

136. As set out in [section 5.3](#) above, we acknowledge that some British Beer and Pub Association members are taking more measures to prevent the underage use of Category C machines in pubs. However, we also take into account the results of the British Beer and Pub Association's own test purchasing operations which are exceptionally low in comparison to other areas of the sector, and other age restricted products.
137. **Having considered the evidence overall, we do not think there is any justification for adjusting the thresholds.** We acknowledge that licensed premises do have an entitlement to hold machines and there are costs involved in the system of notification. However, given the low test rate success on age verification checks and our commitment to pay particular attention to children (under 18s), young adults (18 to 24), and others who may be particularly vulnerable to the risks posed by gambling, we do not think it is appropriate to adjust these thresholds at this time. The proposal to make provisions within the Gambling Commission's gaming machine Code of Practice for alcohol licensed premises binding (when Parliamentary time allows) will give the regulator and licensing authorities clearer powers to intervene in these instances of failure.

Products in licensed bingo premises

138. In response to the call for evidence, the bingo sector put forward a number of proposals for changes to rules which they argued could balance consumer freedoms with prevention of harm to vulnerable groups and wider

communities. The sector cited evidence of the social and community benefits of bingo (particularly for older people). It argued that bingo is a comparatively lower risk gambling activity. The [PHE gambling-related harm evidence review](#) highlighted Health Survey evidence that non-remote bingo (3.3%) and in-person horse race betting had the lowest problem gambling rates of all non-lottery activities. Similarly, the bingo sector highlighted the [Ipsos MORI research](#) for the Responsible Gambling Trust (the previous name for GambleAware) in 2016 which found that 85% of participants play bingo to socialise. The same research found that rates of risky gambling were lowest amongst those who only play bingo compared to those who play fruit/slot machines and bingo, who have the highest rates of risky gambling.

139. The Bingo Association proposed that operators should be allowed to offer a wider variety of games, including side bets on a bingo game (as is currently possible when playing bingo games online). It said that side bets on a main stage bingo game could allow customers to increase their opportunities for a return (for example, on the colour of the final ball, the number of the final ball to be drawn or which segment of the room the winner of the house will be sat).
140. It also called for updates to licence conditions to allow flexibility to extend their default playing hours, to allow for split-screen functionality to enable simultaneous playing of bingo and B3 machine games on tablets in venues, and to allow more freedom to offer bingo outdoors or through social media. Retail bingo clubs have highlighted that recovery from the COVID-19 pandemic has been slow and fragile due to the vulnerability of many of their customers and that the proposals set out by the sector could allow clubs to modernise and extend their offer to customers.

Our conclusions

Split screen bingo

141. The Gambling Commission has highlighted that under current rules, when gaming machine content is available simultaneously with other play in land-based premises, the terminal must be treated as a gaming machine and as such, all games on the device (including bingo) must be subject to the stake and prize limits of the highest category of games available on the device. Further, the terminal must only allow participation in one activity at a time and should not permit simultaneous bingo and machine game play.
142. As set out in [section 1.3](#), the Gambling Commission will be looking at online product design rules, which may include consideration of the rules around concurrent play of multiple products. This would be in line with the outcomes of its consultation of online slot design, which identified the risks of harm from functionality specifically designed to facilitate simultaneous play. These risks

include playing a game faster than intended or spending more money than originally intended. **We therefore do not think there is a justification for split-screen bingo and B3 machine games on tablets in bingo venues, due to the potential for harm with simultaneous play products.**

Extending licence conditions to allow remote and outdoor bingo in venues, extending default playing hours for bingo

143. Proposals for changes to allow bingo via social media or outdoors were put forward in the particular context of COVID-19 closures, to seek an avenue by which bingo halls could continue to operate if further closures occurred. A bingo ancillary licence only permits gambling on remote technology within premises. However, we agree with the Gambling Commission's [advice](#) that introducing a provision to allow clubs to offer bingo via social media in reliance on a land-based licence would risk subverting the intention behind such a licence and blurring the lines between remote and land-based bingo. There would also be a question of how the settlement of results and payments would be achieved. **We therefore do not think there is a justification for licensed bingo premises to offer bingo via social media.**
144. Licensed gambling premises should be tightly controlled environments with adequate supervision to protect young and vulnerable people. When granting a premises licence, a licensing authority must consider the impact the premises might have on the surrounding area, for example, the risks of anti-social behaviour or of children attempting to access gambling facilities. Permitting outdoor bingo events to be held in a car park adjacent to bingo premises would be problematic, as it is likely that the boundary or perimeter of the licensed area would only be delineated by temporary structures, or structures insufficient to fully supervise access to the area, for example by children. There is therefore a risk that sufficient measures to uphold the licensing objectives would not be achievable. **We are therefore not minded to extend regulatory provisions to enable outdoor bingo events.**
145. On extending default opening hours, licensed bingo premises can currently apply for a premises licence variation which allows the club to open for longer hours on a permanent basis. While there is an initial outlay, we believe this gives operators some flexibility on late night opening and falls within the discretion of local authorities, ensuring decisions are made at a local level. **We are therefore not minded to extend default playing hours for bingo.**

Side bets

146. Licensed bingo operators already offer in-game bonus prize opportunities under current rules defining bingo. For example, some operators allow customers to stake an additional amount via a tablet on certain numbers being

called, with those numbers randomly allocated rather than chosen by the customer. This is established as a bingo game, with part of the stake taken as a fee to play. Another example is where a customer pays an additional stake for the opportunity to win a larger prize if they call “house” on a number allocated to them (available on both tablet and paper form). These additional games are compliant with current rules of bingo in that they require participation in the main game of bingo and the numbers are allocated to the customers. While the pay-out per game can be variable, the participation fees create a pot in retained prize fees should multiple customers win.

147. Because the Gambling Commission requires that bingo is played as an equal chance game (i.e. each card has the same chance of winning as another card), the industry says there is no opportunity for customers to choose their own numbers (or colours) as opposed to them being chosen at random for them. It has also argued that as bingo games are required to have a participation fee which creates a retention pot for future winners, operators are constrained in offering further choice of side bets within their session. It has asked for the ability to offer side bets with greater choice for the customer – for example, to choose a side bet from a range of options (such as colours, numbers) and make their own choice of number or colour on which to bet. It would also like customers to be able to choose to place a bet when they wish rather than pay for a fixed number of bets up front via the participation fee.
148. We have taken the [Gambling Commission’s advice](#) into account on this issue, which outlines some of the possible conditions that could be put in place to minimise any risk of side bets leading to a wider range of games that may be unsuitable for licensed bingo premises being made available. Our discussions with industry have included the possible mitigations that could be offered alongside side bets to reduce the risk of harm. These could include a mandatory code of conduct, a maximum stake or cost to customer, limitations on type of venue or bingo game where side bets could be offered, and guaranteeing that stakes are rolled up into the prize until it has been won (i.e. to prevent side bets operating as a banker’s game) to reduce the risk of harm.
149. We consider that allowing bingo premises to offer side bets in a more flexible or expanded form as described by industry, within a defined set of parameters, would allow them to diversify their offer to customers and that conditions could be attached to reduce the risk of harm. However, there is more work to be done firstly on defining the scope of side bets and their parameters, and then considering whether legislative changes are needed. **We propose therefore to work with the Gambling Commission and the bingo industry to look further at the options and conditions under which licensed bingo premises might be permitted to offer side bets.**

6.5 Licensing authorities: powers and resources

150. Some licensing authorities expressed concern that their powers were not sufficient to apply local considerations and to shape gambling in their local areas when making licensing decisions. They considered that factors such as deprivation and crime, as well as public health factors, did not have significant weighting in their decision making processes, and that the primary reason they were not able to limit the number of premises is because of the principle of 'aim to permit' (as outlined in the evidence section above).
151. An option suggested by licensing authorities and the Gambling Commission was to introduce cumulative impact assessments (CIAs) as used in the [Licensing Act 2003](#), which created CIAs for alcohol licensing. CIAs take into account a range of information about a local area and can include information such as: local crime, disorder and anti-social behaviour statistics, health-related statistics, environmental health complaints, complaints recorded by the authority and evidence provided by local leaders or obtained through local consultation.
152. It was suggested that extending the CIA regime to gambling would enable licensing authorities to take more account of certain evidence-based factors in their decision making process and could allow them to establish a presumption against granting a premises licence in certain areas (for example, where that could undermine the licensing objectives). This would not mean that applications could be refused without considering the merits of individual applications, even in those areas. CIAs for alcohol licensing also cannot include considerations of demand, which would be consistent with [section 153\(2\)](#) of the Gambling Act 2005.
153. The Gambling Commission also recommended that some clarifications and technical amendments are made to the Gambling Act 2005 to confirm that certain powers apply to licensing authorities and/or licensing officers in Scotland as they do in England and Wales. Although there is a workaround available to licensing authorities, and the Gambling Commission has published an [advice note](#) setting this out, the Commission also recommends that the legislation is amended to provide further clarity.
154. As outlined above, the Gambling Act does provide licensing authorities with a wide range of powers to assess and set out the risks in their local areas as well as the ability to attach conditions to premises licences to manage these risks. The intent of the Gambling Act 2005 is to provide licensing authorities with the ability to manage local risks and make decisions using local knowledge. At the same time, it is also important that the ways licensing authorities approach local considerations across the country are consistent and follow the same framework principles.

155. The policy statement is an opportunity for a licensing authority to identify and address gambling-related harms in its area and publish specific objectives for a locality. These objectives can inform decisions and actions, such as attaching conditions to premises licences and requiring applicants to provide certain information as part of their application, such as proximity to sensitive locations or vulnerable communities. Although submissions to the call for evidence suggested that policy statements have limited significance when weighed against the 'aim to permit', many licensing authorities have taken significant steps to update their policy statements and apply them when making their decisions. For example, Westminster City Council recently published a comprehensive policy statement that uses a range of evidence to specify those parts of its licensing area which are particularly vulnerable to gambling-related harm. Further information is outlined in [Box 16](#).
156. Some submissions from licensing authorities suggested the 'aim to permit' provision should be removed altogether from the Act. However, this change would challenge a principle at the core of the Gambling Act, that gambling should be permitted where it is consistent with the licensing objectives and the rules set by the regulators to prevent harm. The Commission and licensing authorities are given broad powers to set conditions that require licensed gambling to be carried out in a way that is consistent with the licensing objectives of keeping it fair and open and free from crime, and protecting children and vulnerable people.
157. In England, the planning system also offers another layer of control to the opening of gambling premises. This enables a local planning authority (licensing authority) to take into account a variety of different factors, such as the balance of uses of an area or high street. In planning terms, individual gambling premises in England are sui generis (a class of their own) which means that new types of premises cannot be opened without planning permission. For example, an office cannot be turned into an adult gaming centre without planning permission from the planning authority, and it will also need a premises licence before it can open. This varies slightly in Wales where betting offices are still in the A2 use class, and in Scotland, as some gambling premises are classed as 'Class 11' and some are 'sui generis', but both categories require change of use planning permission.

Box 16: Westminster City Council's New Gambling Policy Statement

- Westminster City Council recently introduced a new gambling policy statement which includes the designation of several Gambling Vulnerability Zones (GVZs). Applicants must consider the specific risks that pertain to the zone they would like to open a new premises in and how they will mitigate those risks.
- GVZs are areas identified within the Council's Local Area Profile within which Westminster Council has significant and increased concerns associated with the risks that gambling premises may pose on vulnerable people, children, crime, disorder or any combination of these.
- Gambling premises, either proposed or existing, within GVZs are expected to take into account the information contained with the Council's Local Area Profile when completing their local gambling risks assessments. The Council expects that applicants and existing operators will need to meet the specific GVZ policy and expect enhanced scrutiny from the Council to ensure that the operation is in line with that policy and the principles of the legislation.
- Operators will be expected to have particular regard to the issues within the locality and clearly demonstrate how associated risks are to be mitigated. Applicants must consider what measures the gambling operator can put in place within a GVZ to ensure that specific risks within the zone will not be exacerbated by the operation of the gambling premises.
- Westminster City Council has identified seven GVZs within its Local Area Profile and have designated these within its new policy statement. For example, the West End (East) is a GVZ. The general level of vulnerability in the area is caused by having the highest count of males between the ages of 25 and 44 and residents receiving mental health care packages. The GSZ also contains:
 - Temporary accommodation properties and supported housing for young adults who are experiencing homelessness
 - A slightly higher than average (when comparing to the whole borough) number of people deemed "at risk", "struggling" or "in crisis" within the Lower Income Family Tracker
 - Four payday loan shops
 - Pharmacy dispensing opiate substitutes or offering needle exchanges
 - Two pawn shops
 - Non-residential addiction centres
 - Gamblers Anonymous/GamCare meeting location

Our conclusions

158. **The government fully supports licensing authorities in their role as co-regulators of the 2005 Act and appreciates the local expertise that they have which guides their regulation of gambling in their communities.** As set out in detail in [section 6.1](#), licensing authorities have a wide range of existing powers in regards to both gambling premises licensing and planning applications. Through developing their policy statements, licensing authorities are able to set out their ambitions for gambling in their area, and this in turn informs how they assess and decide applications for new gambling premises. It is important that local leaders feel empowered to make use of their existing powers when making decisions about their areas. We will look to take forward legislation when time allows to bring the regime for gambling licensing more in line with that of alcohol licensing.
159. **The government is also clear that the ‘aim to permit’ requirement in [section 153](#) of the 2005 Act does not prevent the refusal of licences or the introduction of controls as necessary or desirable to minimise risk.** This requirement is also subject to guidance issued by the Commission, the policy statement produced by the licensing authority and the three licensing objectives. Licensing authorities also have the power to attach licence conditions and remove premises licences if required.
160. We also recognise that licensing authorities, as well as the Local Government Association and the Gambling Commission, have requested that CIAs are introduced. Whilst existing powers, particularly local policy statements, do allow licensing authorities to take into account factors such as public health and crime, we recognise that licensing authorities would benefit from the introduction of CIAs, in part because they are familiar with them from alcohol licensing, and in part because it explicitly allows them to consider the cumulative impact of gambling premises in a particular area. **We accept there is merit in bringing the regime for gambling in line with alcohol and will legislate to introduce CIAs when Parliamentary time allows.**
161. CIAs will complement existing powers by supporting licensing authorities to capture and regularly review a wide range of evidence, such as density of premises in a particular area, health and crime statistics, and residents’ questionnaires. Once published, CIAs place some of the ongoing analytical burden on the applicant, as the operator has the option to demonstrate that its proposals will not increase harm in a particular area. This should be more bespoke than a risk assessment and centre on particular details identified by the CIA. CIAs could allow licensing authorities to put a presumption against new premises in a particular area, based on evidence related to harm, which may take the form of ‘high impact zones’ being identified within a licensing authority boundary. This does not prevent the authority from granting a

licence, or allow them to issue a blanket refusal to applications, but a CIA does encourage the gathering of more evidence for assessing applications and requires the operator to evidence how it will mitigate risk.

162. We envisage that CIAs will be introduced using the same approach as applied in the Licensing Act 2003, for alcohol licensing. This would require introducing CIAs as an additional requirement of [section 349](#) policy statements, and therefore as an additional consideration under [section 153](#) and 'aim to permit'. Licensing authorities will still need to assess applications on a case by case basis. The findings of a CIA would not remove a licensing authority's discretion to grant applications for new licences or applications to vary existing licences, where the authority considers this to be appropriate in the light of the individual circumstances of the case. It is important to note that the approach used for gambling will inevitably differ to the approach used for alcohol, not least because of the difference between the licensing objectives for alcohol and for gambling.
163. The introduction of CIAs will require primary legislation and in advance of their introduction, we strongly encourage licensing authorities to make full use of their existing powers. **We recommend that licensing authorities update their policy statements using a wide range of data and analysis, including making use of spatial tools and public health data to identify vulnerable areas and to state their position on additional gambling premises in these areas.**
164. **We also recommend that licensing authorities make more use of their powers to attach conditions to premises licences, such as opening hours and security measures.** We propose that this activity will be supported by an increase in funding, as outlined in our conclusions below. Licensing authorities should also continue to use the Commission's [Guidance to Licensing Authorities](#) which it keeps under review, as well as the regular bulletins that it sends.
165. When Parliamentary time allows, we will also make some small changes to the 2005 Act to ensure that certain powers apply to authorities and/or licensing officers in Scotland as they do in England and Wales. These are primarily technical changes and we will continue to work on the details of these amendments ahead of the introduction of any legislation.

Resources

166. Responses from licensing authorities to the call for evidence focused more on powers than on raising the maximum fees which can be charged for premises licences. However, the current cap for licensing authority licensing fees has not been updated since 2007, while the costs associated with gambling licensing will have increased. In addition, we would like to encourage licensing authorities to make more use of their powers in relation to e.g. analysis and enforcement, which will result in increased costs. The introduction of CIAs may also further increase the cost to licensing authorities of discharging their statutory functions.

Our conclusions

167. **We will consult on increasing the cap on licensing authority premises fees in England and Wales. As part of the consultation, we will strongly encourage licensing authorities to consider the range of resources required for comprehensive monitoring and enforcement, such as IT and analytical capability, which may not have been a necessary or proportionate requirement when the fees were originally set. We will work with the Scottish Government to consider a fee change for Scottish licensing authorities.**

Annex A: Impact of proposals

1. This annex outlines at a high level the expected impacts from the package of measures in the white paper. Detailed impact assessments of individual measures will be published at a later stage where appropriate and necessary, alongside any detailed consultations on specific issues.

Overall impact on gambling-related harm

2. In order to reduce gambling-related harm, we tackle practices and products which evidence shows exacerbate risks and help ensure opportunities to prevent harm are taken.
3. However, gambling disorder and gambling-related harms are usually attributable to complex interactions between multiple factors. Therefore we cannot straightforwardly quantify the likely reduction in gambling-related harm for individuals or at a population level from this package, although we hope to revisit this in future policy-specific impact assessments.
4. This difficulty is further exacerbated by data availability and the difficulty of measuring changes in gambling harms as explored in the introduction to this white paper. The Gambling Commission is currently developing a [new approach to participation and prevalence statistics](#) which, alongside the policy in [section 3.5](#) of making more regulatory data available for researchers, should improve our understanding of how changes to regulation impact harm.
5. We nonetheless have high confidence that our proposals will reduce the risk of significant unaffordable losses, play that is designed to be intense, and aggressive advertising, which have all been shown to contribute to harm. This benefits people harmed by gambling, their family and friends, and wider communities. Given how gambling harms are [distributed across society](#), reducing gambling harm is part of addressing wider economic and health disparities. We will monitor the impacts of these policies to help inform future policy decisions.

Overall impact on the gambling industry

6. Because harmful gambling tends to involve elevated spend, our package of measures to prevent harm is likely to reduce the revenue of gambling companies. Industry will also bear implementation costs. The revenue reduction is expected to be mainly online, largely because our new measures increase the obligations on remote operators to check on high spending customers and prevent continued spending where the customer may be experiencing harm. This is considered in more detail below.

7. We recognise that our proposals also involve additional friction and/or reduced incentivisation for some people who are spending at high levels which they can afford and who are not being harmed. The proposals are targeted with the intent of minimising this unintended consequence, and the resultant costs to industry, to be proportionate to the objective of reducing harm. We are confident overall that the majority of customers, especially the majority who spend at lower levels, are unlikely to be negatively impacted by the changes we propose to help prevent gambling-related harm.
8. Our initial headline impact estimate (see table below) for key proposals which we are able to quantify, is a potential drop of between 3% and 8% in commercial Gross Gambling Yield (with a drop in online GGY of 8% to 14% partially offset by a land-based increase of 2% to 5%). The estimated range depends on factors such as compliance with and findings from financial risk checks, as well as behavioural responses to various reforms where we currently have limited data available. Our approach, methodology and assumptions behind these estimates are discussed in further detail in the following sections. Impacts and costs are baselined in 2022, as this is the most recent available full year gambling GGY dataset. These estimates are also subject to changes following development of policy details through forthcoming consultations.

Figure 24: Overview of estimated impacts on industry from key measures we can quantify at this stage (£m)

Throughout this impact annex, figures over £2.5m are rounded to the nearest £1m and over £20m are rounded to the nearest £5m.

Key policy measures	Minimum*	Maximum
Online Protections – Financial Risk Checks	-380	-710
Online Protections – Fixed £8.50 slot stake limit (consultation midpoint)	-135	-185
Overall Online Impact (% of online GGY)	-515 (-8.0%)	-895 (-13.9%)
More Category B Machines in Casinos	65	25
Permit Sports Betting in Casinos	7	0.7
Permit High-End Casino Credit	115	60
Increase Cash-Out Category D Slots Age Limit to 18	-0.9	-3
Overall Land-based Impact (% of land-based GGY)	186 (5.3%)	83 (2.4%)
Quantified Overall Impact (% of all commercial GGY)	-329 (-3.3%)	-812 (-8.2%)

(source: DCMS analysis baselined using 2022 values)

* Minimum scenario in this table is the set of assumptions which leads to the smallest overall GGY drop

Annex A: Impact of proposals

9. Due to a lack of data, we have been unable to estimate the impact of some key proposals. This includes changes made recently that have yet to take effect, such as the new rules on customer interaction (in the [Online Protections chapter](#)), and changes to be taken forward in future, such as the review of game design rules ([section 1.3](#)) or the data sharing on high risk customers ([section 1.2](#)). We believe these to be of a smaller magnitude than the effects considered above, and expect forthcoming policy-specific consultations will broaden the evidence base to support detailed impact assessment.

Impact of financial risk checks

10. While key details will be determined through a forthcoming Gambling Commission consultation, our proposal for financial risk checks ([section 1.2](#) above) is likely to have a significant impact on online GGY.
11. Our methodology to estimate GGY drop due to the checks is based on the following three metrics:
 - how many accounts would be impacted by the checks at our proposed thresholds, and the GGY contributed by those accounts
 - how much GGY is derived from spending that occurs before the customer hits our proposed check thresholds
 - expected drop in GGY due to reduced spending above a check threshold (factoring reasonable assumptions about how many checks would flag concerns and likely customer behaviour in response to checks)
12. The data underlying our modelling is the data tables produced as part of the [Patterns of Play](#) (PoP) research. We build on this research to model volumes of different types of gambling at different levels and then multiply these to reflect the entire size of the Great Britain online gambling market. We used this as the best available data, but are aware that some features of the market have changed since 2019 (e.g. new player protections). Also, while PoP research is based on a large sample (around 139,000 accounts), the fact that it comes from 7 'high impact' operators means that it will not perfectly represent the sector as a whole. For example, 5 out of the 7 operators focus on betting, so the PoP dataset accounts for operators providing [86% of online betting in Great Britain, as against 38% of online gaming](#).
13. Our approach to modelling GGY impact from this policy proposal is as follows:
 - While the proposed checks impact a minority of accounts, they would affect those which currently provide a large share of GGY (as set out in table below). However, many people will simply complete the checks and no concerns would be raised, so for those individuals (as long as

they are not showing other signs of harm) spending would not necessarily decrease. This is because neither the government nor Gambling Commission will put in place a blanket limit on what percentage of income a customer can gamble.

Figure 25: Estimated proportion of accounts subject to different checks and the estimated share of online losses they contributed in 2019/20

Type of check	Proposed triggers (GC will consult on refined proposals)	% accounts checked in first year	% online losses in 2019/20 from spend above triggers
Financial vulnerability	£125 in month	c.20%	c.73%
	£500 in year		
Enhanced spending check	£1,000 in 24 hours	c.3%	c.43%
	£2,000 in 90 days		

Source: Gambling Commission (Industry data request); [Patterns of Play detailed summary data](#)

- Following discussions between credit reference agencies (CRAs), the ICO and the Gambling Commission, as well as evidence on the coverage of CRAs and their provision of similar tools to other sectors, we assume that CRAs or other providers can provide “frictionless” financial vulnerability checks for all customers at the lower thresholds. Similarly, we assume CRAs can provide frictionless enhanced checks for 80% of customers who hit the enhanced spending check thresholds, with half the remainder subject to semi-agreeable checks (e.g. open banking) and the other half (10% of all those who hit the higher thresholds) subject to disagreeable checks. We categorise things like manually providing payslips or bank statements which inevitably come with a higher non-compliance rate as ‘disagreeable checks’. Finally, we discount for checks already in place at gambling operators. Several operators submitted information on their current approaches to preventing unaffordable gambling, which often already involved some form of financial vulnerability and enhanced checks (albeit triggered at different thresholds). Where these overlap with our proposals, we have netted them off from the impact, because in such cases our proposals would not amount to an additional new burden. We note that some operators’ checks have become more robust in the period since their submissions to our call for evidence, and in many cases the availability of frictionless financial risk checks may actually reduce the negative GGY impact from player safeguarding measures (for instance where operators are already requesting bank documents). Our model to estimate the spend reduction from the different types of checks is set out below:

Figure 26: Modelling assumptions for Financial Vulnerability Checks for the c.20% of all accounts which exceed the proposed loss threshold

Result	Indicators of financial vulnerability	% of accounts checked	Mean GGY reduction for accounts above FV threshold	Overall GGY reduction above FV threshold *
Green	None	75% – 87%	0%	0%
Amber	Mild	10% – 20%	26% – 55%	2.6% – 11.0%
Red	Severe	3% – 5%	55% – 88%	1.5% – 4.5%
Total				4.1% – 15.4%

* Overall Reduction = [% with that result] x [Reduction for that cohort]

Figure 27: Modelling assumptions for Enhanced Spending Checks for the c.3% of accounts which exceed the proposed loss threshold

Type of check	% accounts (above ESC thresholds)	Non Response (NR)	% respondents with concerns raised**	Mean GGY reduction per account with no response or concerns	Reduced GGY above ESC threshold*
Agreeable	80%	0%	25%	51% – 83%	10.2% – 16.5%
Semi Agreeable	10%	10% – 30%	25%	51% – 83%	1.7% – 3.9%
Disagreeable	10%	50% – 80%	0%	51% – 83%	2.6% – 6.6%
Total					14.4% – 27.1%

* Overall reduction = [Accounts in scope] x [mean reduction] x (NR + (1 – NR) x [Concerns raised])

**Based on Patterns of Play survey data

- The reductions of 4.1% to 15.4% for FV checks (see [Figure 26](#)) of spend between the FV and enhanced check thresholds and 14.4% to 27.1% for enhanced checks (see [Figure 27](#)) are then applied to the amount of spend at each level according to the *Patterns of Play* data to give an overall financial circumstances checks GGY drop of 6% to 11% (£380 million to £710 million).
- This differs significantly from the present experience reported by some individual operators where they suggest the majority of their GGY above enhanced check thresholds is lost due to high non-compliance with the data requests. We believe that achieving the higher compliance rates

set out in the table above, and therefore lower GGY decreases, is feasible because:

- i. CRA-enabled background checks will bring much lower friction and not interrupt the customer journey.
 - ii. Checks will be mandatory across all operators (so customers cannot entirely avoid them by using a different operator as they might at present).
- Moreover, operators will receive a substantial amount of revenue spent by customers before the check thresholds are reached, and even in the case of some signs of risk being found, customers may still be permitted to spend on gambling (including potentially with other operators), even if not to the unaffordable levels they might otherwise have reached.
14. There are a number of caveats to consider with regard to the GGY impact of this proposal:
- Online gamblers usually gamble across multiple accounts, and this is particularly true for more engaged gamblers. Therefore, it is possible that some individuals hold multiple accounts that would be affected by our proposals. We do not have sufficient data to factor this into our estimates.
 - Relatedly, there will likely be some interactions between financial checks and the proposed system for sharing data on high risk customers ([section 1.2](#)) since financial checks will feed into operators' wider assessment of a customer's risk of harm. We cannot predict the extent to which data sharing will influence the impact of financial checks at this stage since key implementation details are still subject to consultation (e.g. the data shared and the triggers for sharing it). However, for the purpose of this analysis, we have assumed that a SCV prevents any spending with another operator where one applies a restriction. This may lead to an overestimation of the overall reduction in remote GGY.
 - This estimate was derived by modelling the application of our proposal on a single year of data on player spend. As such, it essentially reflects the first year of implementation. We cannot predict the extent to which the impact of our proposals will change in subsequent years as this will depend on implementation details to be determined through the Gambling Commission's consultation, such as whether/when customers who have already 'passed' a check need to be reassessed.

Impact of fixed stake limit for online slots

15. Online slots GGY was [£3.0bn in 2021/22](#). Our approach to modelling the GGY reduction from an online stake limit ([section 1.3](#)), including data used and key assumptions, is set out below. Note that significant details are subject to future consultation and the reasonable modelling assumptions here should not be taken to indicate government preference for particular policy outcomes at this stage.

- We used the Gambling Commission data request to operators in April 2021 (validated against previous 2018 data from [a report commissioned by GambleAware](#)) to determine current staking patterns. This covers 3.95 billion spins on online slot games, and reports how these were distributed across different monetary thresholds (see [Figure 28](#) below).

Figure 28: % of online slot spins by spin value

Slot Limit	% of all spins above threshold
> £2	4.4%
> £5	1.0%
> £10	0.3%
> £15	0.2%

Source: Gambling Commission, data supplied by industry

- For the purposes of this annex, we have assumed a fixed stake limit of all customers of £8.50, which is the midpoint of the range of limits we will consult on for adults aged 25 and over in summer 2023.
- We modelled GGY impact on the basis of a typical online slots Return to Player of 95% (the percentage of money wagered on a game that should theoretically be paid back to players over time).
- We have tried to account for possible adjustments to player behaviour in response to being limited to lower stakes than they might otherwise have chosen to play at. These include extending session length (to stake the same total amount), spending on different products, migrating to products in the land-based sector, ceasing gambling in the licensed sector altogether, or adjusting staking patterns. For the purposes of this assessment, we assume that 15% to 30% of revenue constrained by slots limits is spent on other online casino games instead. We also allow (in narrow circumstances close to slot limits) for some constrained slots play to be partially offset by alternative slot stakes below a customer's new limit. For example, among people who wanted to stake £9 but are

blocked from staking more than £8.50, our minimum impact case assumes that most will simply place a £8.50 stake instead.

16. Based on the above approach, our estimated GGY drop from a fixed £8.50 slot stake limit is £135 million to £185 million (4% to 6% of online slots GGY). More detailed sensitivity analysis of players' behavioural adjustments to slot stake limits will form part of a subsequent formal impact assessment.

Land-based sector impacts

Category B Gaming Machines in casinos

17. Based on Betting and Gaming Council data, there are currently 137 active casino licences originating from the Gaming Act 1968 which are limited to a maximum of 20 Category B gaming machines. The 10 smallest casinos (those under 300sqm gambling area) use nearly their entire Category B Machine entitlement (averaging 16.9 machines out of 20 maximum). However, gambling space in the average casino is 784sqm (3.1 times larger than the 10 smallest casinos). If even the smallest casinos are mostly running their full allowance of 20 machines profitably, there is likely to be significant untapped demand in larger casinos for more machines.
18. Our proposals to make the regulation more consistent would provide a maximum of 80 machines, subject to a ratio of one gaming table for every five gaming machines, for 1968 casinos that meet the minimum requirements for overall gambling space and non-gambling space of a Small 2005 Act casino. 1968 Act casinos which do not meet these size requirements will also be able to benefit from extra machines on a pro rata basis commensurate with their size. Using data on the number of machines currently in casinos and information provided in an industry call for evidence response, we estimate that this could increase the number of Category B machines in the current national casino estate from 2,800 to 5,400.
19. At present, Category B machines in casinos [yield £181m revenue per year](#). Given likely diminishing marginal returns when a casino already has at least 20 machines, we estimate that the extra machines could increase GGY by **£25 million to £65 million (14% to 36% of casino Category B machine GGY)**. The estimate is formed using published accounts of operators and Gambling Commission data about existing machine uptake and casino floor space utilisation.

Casino credit for high net worth international visitors

20. Before the COVID-19 pandemic, an average of 60% of stakes in a small group of high-end casinos were funded by foreign cheques (amounting to

£102 million GGY from high net worth individuals), in order to meet the expectations of customers who are not resident in the UK in terms of convenience and avoiding foreign exchange costs. Other London casinos also use this method, with one reporting that in a typical year, 48% of overall money exchanged for chips is accepted via international cheques. The Gambling Act 2005 prohibits land-based casinos from offering credit but they can accept payment by means of cheques that are not post-dated. If international cheques disappear from common use or are no longer accepted by the banks, then (unless the proposed new credit arrangements are introduced) gamblers would be forced to fund their entire stakes up front in sterling.

21. At high-end casinos, there is a relatively low house retention, so typically, a large proportion of stakes return to the gambler as winnings. In an illustrative example (based on an industry call for evidence response about one type of game), against £1 million staked, the operator might take £80,000, with £920,000 returning as winnings to the gambler. Under the present arrangement using cheques, the overseas gambler pays foreign exchange transfer fees only against the £80,000 once they settle up at the end of the visit. Without cheques or credit, the customer would have to exchange the entire £1 million on arrival or as it was staked, and £920,000 on departure. Typical exchange fees of 0.5% to 1% (if negotiated in bulk on large transfers by the casino) would mean the cost of exchange would represent 12% to 25% on top of GGY, and provide a substantial disincentive to gamble in these casinos as opposed to in other jurisdictions.
22. Increasing numbers of banks are already declining to cash large overseas cheques, and some overseas jurisdictions have already stopped offering them. While it is not yet impossible to do business using overseas cheques, it is increasingly difficult and expensive to do so, and in the longer term it is likely that overseas cheques will disappear as a payment mechanism altogether. The prevalence of high net worth individuals holding cheque books and willing to transact in this way is also likely to continue to fall in the meantime. The revenue funded by cheques (£102 million in 2017, the latest available figure) is therefore precarious and this measure is required to safeguard it. Our impact assessment assumes that 50% to 100% of this amount can be sustained as a result of adding the credit facility (i.e. £60 million to £115 million GGY when inflating GGY to 2022 prices and rounded to the nearest £5 million). We have not assumed that offering credit facilities will increase GGY, although it is possible that such a policy will make casinos that serve this type of customer more internationally attractive and help boost GGY above pre-pandemic levels.

Smaller GGY impacts on land-based gambling

23. The calculations behind the remaining smaller GGY impacts are set out more briefly below:

- ***Category D machine age limit: £0.9 million to £3 million GGY reduction***

Sites operated by Bacta members already have a voluntary ban on under 18s using these machines, so have been excluded from the GGY drop calculation. Given that the Category D machines are the highest stake and prize machines on which under 18s can legally play, they are likely to appeal disproportionately to that age group. On the other hand, given that people aged 10-17 only make up 9% of the British population (with disposable income far below the population median), it is unlikely that they are contributing more than half of Category D revenue at these sites. This leads us to suggest sensitivity bounds between 15%-50% of GGY from impacted sites.

- ***Sports betting: £0.7 million to £7 million GGY increase***

The few casinos which already offer sports betting have derived 0.2% of their GGY from this source in the past but the latest data shows that it accounts for 0% of their GGY. However, the industry has stated that their research indicates a strong customer demand for betting facilities in casinos. Therefore, we have formed a range estimate around these figures, with a lower bound of 0.1% and an upper bound of 1% (to allow for the possibility of a structural transformation in the market with sports betting at casinos becoming a widely recognised option among consumers and therefore much more prevalent). This GGY increase has been applied to all 1968 Act casinos (which will now be able to offer sports betting). We note that there may also be a small reduction in sports betting online due to this measure causing spend to be displaced.

Unquantified impacts

24. For two key proposals where we have not been able to quantify the impact due to limited evidence, we have made reasonable inferences instead. Firstly, the relaxation of the 80/20 ratio which restricts the balance of Category B and Category C and D machines in bingo and arcade venues is expected to increase GGY and reduce energy costs. Evidence from the Bingo Association and Bacta suggests that the current balance of gaming machines does not meet consumer demand; there is surplus demand for Category B machines and excess supply of Category C and D machines (particularly in licensed

bingo premises where players use machines in short breaks between bingo games). Following the relaxation of the ratio, we expect the number of Category C and D machines to fall as venues remove predominantly unused machines. Based on information provided by the Bingo Association and Bacta, we estimate that a 1:1 ratio would reduce the total number of gaming machines in bingo and arcade premises by 10,000 to 12,000. Using an estimated energy cost per machine of approximately £1,600 per year, this could result in an approximate annual energy saving of £16 million to £19 million. Within this reduction, we account for an increase in the number of higher stake Category B machines in licensed bingo premises to meet consumer demand. We have not quantified the impact of the resulting machine ratios on overall GGY due to limited evidence about how gamblers will change their behaviour in response. Given the reported excess supply of Category C and D machines currently, we do not expect that the removal of machines will materially reduce GGY or restrict the ability of customers to use the machines they want to. We expect that the increase in Category B machines in licensed bingo premises to meet consumer demand is likely to increase GGY.

25. We also look at the impact of removing the prohibition of the direct use of debit cards on gaming machines once increased player protections are approved and mandated by the Gambling Commission. We expect this measure to increase GGY, or at least protect GGY that would otherwise be lost as the UK moves closer to a cashless society. [UK Finance](#) found that card payments represented over 50% of UK payment transactions in 2019. The [Access to Cash review](#), an independent study commissioned by the body that runs the UK's ATM network, finds that cash use could fall to just 10% of all payments by 2035. It is likely that gaming machine GGY, which was £1.8 billion in 2022, will continue to diminish if gaming machines are not able to offer cashless payment methods. There is already evidence of a steady real terms decline since 2014, with machine GGY being outpaced by inflation by about 40%. Industry has also noted that dealing with cash costs more for operators than card payments.

Economic and fiscal impact of gambling reform

26. [NERA Economic Consulting](#), the [Social Market Foundation \(SMF\)](#) and other studies have assessed potential displacement effects of gambling reforms. Some money not spent on gambling (for instance due to restrictions to prevent unaffordable losses) will go into other economic sectors which pay tax and produce more jobs per million pounds spent than online gambling. However, money could also go into activities not taxed in the UK (including overseas payments and the informal economy) and some could go into the gambling black market, where illegal operators do not pay taxes and have weaker player protections. The NERA and SMF models explicitly do not allow for this

“leakage”. However, even if we made pessimistic assumptions about leakage, displacement is likely to materially reduce the negative economic and fiscal impact from the drop in online gambling tax revenue.

27. Furthermore, [The Office for Health Improvement and Disparities](#) (building on PHE’s report) has estimated the direct cost to government of gambling harm to be £413 million per year. The [Institute for Public Policy Research](#) estimated the excess fiscal costs incurred by the state as a result of individuals who are problem gamblers is between £260 million to £1.1 billion per year. The [National Institute of Economic and Social Research](#) also recently published estimates of fiscal costs associated with harms arising from problem gambling. While these various reports likely overestimate and underestimate various aspects of fiscal cost, our reforms are likely to bring about savings via reduced problem gambling and costs associated with harms. However, several of these factors are difficult both to predict and measure.

Horse racing impacts

28. According to a study submitted by the British Horseracing Authority as part of the call for evidence, the racing industry has direct revenues in excess of £1.47 billion and makes a total annual contribution to the UK economy (including induced effects) of £4.1 billion. The government appreciates the value of the racing sector, which is the [second largest sport in the UK in terms of attendance, annual revenue and employment](#), and an important part of the rural economy.
29. A number of submissions to our call for evidence highlighted the relationship between horse racing and gambling, including the importance of the horserace betting levy for maintaining the sport. In particular, the racing industry has expressed concern about the impact of financial risk checks on levy income. The horserace betting levy is paid by bookmakers based on 10% of Gross Gambling Yield from customers in Great Britain, betting on races in Great Britain, whether online or in betting shops. A consultancy study commissioned by the racing industry and shared with DCMS after the call for evidence concluded that in 2022 the levy represents around 6% of total income to horse racing. Alongside the levy, an estimated 17% of 2022’s total income to horse racing was from racegoers, 11% from media rights, 4% from sponsorship, and the remainder invested by owners (40%) or from breeding (22%).
30. We have estimated impacts from our online financial risk protections on horse racing using the assumptions outlined below. As we have not been able to calculate the likely costs of other reforms, we have not been able to work through the likely impact of the entire package of measures on racing finances.

Annex A: Impact of proposals

- We estimate a reduction in online horserace betting GGY ([£768.5m in 2021/22](#) according to the Gambling Commission) of 6% – 11% (this assumes an equal GGY reduction across all online betting and gaming products from the financial risk checks).
31. In addition to the direct impact on the levy of a reduction in betting industry Gross Gambling Yield, we have also assumed that there may be an impact on racing's income from gambling sponsorship and media rights, as operators' income is reduced. However, nothing in the Review affects the ability of operators to sponsor racing and the incentive to promote and differentiate their products will remain. Streaming of live horse races is a key product for betting shops and online operators, and will remain so. Therefore, to calculate the income drop for both media and sponsorship, we have estimated knock-on impacts from financial risk protections (assuming that income which is either not from Great Britain or not online will remain constant).
32. These assumptions lead us to estimate the impacts in [Figure 29](#) below. The industry provided an estimate of total annual income of £1.47 billion in 2022. Our estimated impact includes a drop of 6% to 11% in the online component of the levy, and alongside other effects, amounts to a reduction of between 0.5% and 1% of total racing industry income:

Figure 29: Horse racing impacts of white paper measures

Area of income reduction	Minimum (£m)	Maximum (£m)
Horserace betting levy	5	8
Media rights	3	6
Sponsorship	0.4	0.9
Total	8.4	14.9

Source: DCMS

33. The government has committed to review the horserace betting levy by 2024, and we are now starting that process. We recognise the significant contribution that racing makes to British sporting culture and its particular importance to the British rural economy and are keen to ensure an appropriate level of funding for the sector. We will consider the case for measures proposed by the sector, such as including overseas races in the scope of the levy and/or increasing the overall level of contribution and/or basing the calculation on gross amount staked rather than GGY.

34. The Horserace Betting Levy Board holds around £29 million in funding reserves. These could be used to mitigate any funding gap while levy changes are introduced. Levy fluctuation is also a normal occurrence as yield fluctuates significantly depending on bookmaker performance.

Equalities impact assessment

35. Formal equalities impact assessments will be published as required within future impact assessments. However, we are aware of overarching equalities considerations, which are important to consider at this stage.

Demographics of gamblers, problem gamblers and the gambling workforce

36. According to NatCen's [Patterns of Play dataset](#), gambling participation is roughly evenly distributed across the different deciles of the Index of Multiple Deprivation. However, [PHE](#) report that harmful gambling is more prevalent in people who are unemployed and living in more deprived areas. According to the *Patterns of Play* data, total online gambling spend is 43% higher from the most deprived decile than the least deprived decile, and it's 73% higher specifically on gaming products (which are generally higher risk).
37. Gamblers are more likely to be male than female. 57% of men compared to 51% of women had participated in some gambling activity within the previous 12 months according to [Health Survey England \(2018\)](#). In NatCen's [Patterns of Play dataset](#) for online gambling, men account for 74% (on a weighted basis) of online gamblers whose gender was recorded. Online, men spend more on betting (54% of gambling spend), compared to women who prefer gaming (83% of spend). Male online gamblers spent on average 81% more than females, and according to the [PHE evidence review](#), men are more likely to be problem gamblers (0.8%) than women (0.1%).
38. As explored in the introduction, [PHE evidence review](#) combined Health Survey (England) data in 2012, 2015, 2016 and 2018, and highlights higher levels of problem gambling amongst young adults when compared to older ages, according to the Problem Gambling Severity Index (PGSI). Young men aged 16-24 and 25-34 are more likely to experience both problem and at-risk gambling behaviours than other cohorts.
39. The [PHE](#) review also found a "small body of evidence suggests that ethnicity may influence gambling participation and some ethnicities may be associated with problem gambling", but was unable to draw any firm conclusion. Studies for Local Authorities in [Westminster](#) and [Newham](#) suggested that gambling harms may be more prevalent in ethnically diverse areas (although as with the PHE review, the evidence is not conclusive).

Annex A: Impact of proposals

40. According to [DCMS industry statistics](#) (September 2022), the gambling workforce is relatively diverse (9% ethnic minorities, 16% with some disability), with most of these people being employed in the land-based sector across the country. We do not expect our proposals to result in significant adverse workforce changes.
41. Our proposals seek to support equalities. To the extent that some gambling harms are more prevalent within certain protected characteristics (e.g. young people and potentially certain ethnic groups) and also among socio economically deprived groups, our proposals to reduce harm should have a positive equalities impact. We are not aware of any significant adverse equalities effects from these measures.

Annex B: Call for evidence responses and the evidence base

1. The 16 week call for evidence ran from 8 December 2020 to 31 March 2021. This annex gives an overview of the responses we received and the other sources of evidence we considered. A list of organisations and individuals who made written submissions (and can be named) is at Annex E.

Written submissions

2. During the 16 week period, DCMS received nearly 16,000 written submissions. These can be broadly split into 3 categories:
 - Original or bespoke evidence from organisations, individuals or groups responding in a personal (e.g. personal experience of gambling harms) or professional capacity (e.g. researchers), emailed directly to DCMS and normally in response to questions asked in the call for evidence.
 - Evidence from members of the public who submitted their responses via campaign organisation 38 Degrees.
 - Coordinated campaigns on single issues, normally in the form of templated letters.
3. The split of written submissions across these categories is provided below. All of these submissions have been considered during the development of this white paper.

Figure 30: Call for evidence written submissions by category

Category	Number of submissions
Bespoke submissions direct to DCMS	404
Members of the public coordinated by 38 Degrees	14,937
Specific issue campaigns	631
Total	15,972

Bespoke submissions direct to DCMS

4. Most of the substantive evidence, information and data provided to the Review was included in the 404 submissions which were prepared in response to the call for evidence and sent directly to DCMS. These came from a diverse range of respondents ([Figure 31](#)) and varied from short letters outlining personal

Annex B: Call for evidence responses and the evidence base

experiences of gambling (both good and bad), to full analyses responding to every question which ran to hundreds of pages in length.

Figure 31: Call for evidence bespoke written submissions by type of respondent

Respondent type	Submissions	%
Broadcaster/Advertiser	8	2.0%
Charity principally focused on non-gambling issues	12	3.0%
Dispute Resolution	3	0.7%
Financial Service	3	0.7%
Individual Submissions/Public	162	40.1%
Industry	57	14.1%
Personal Experience/Campaign/Awareness Raising	19	4.7%
Local government, devolved administrations, other government related	14	3.5%
Market Research Groups	4	1.0%
Members of Parliament (including on behalf of constituents)	32	7.9%
Parliamentary groups	2	0.5%
Public House	3	0.7%
Religious Group	6	1.5%
Researcher/Academic	20	5.0%
Sport and Racing	18	4.5%
Tech Company (outside gambling sector)	4	1.0%
Think Tank	3	0.7%
Trade Unions	2	0.5%
Treatment Provider	8	2.0%
Other	24	5.9%
Total	404	100.0%

5. Just over half of direct respondents were individuals. Some of these individuals' responses were provided in templates circulated by charity or campaign organisations in an effort to facilitate personal experience engagement with the call for evidence. There was a relatively even balance in individuals' responses between those sharing their own or loved ones' stories of harm and calling for generally tighter protections, and those arguing that heavy-handed state intervention (particularly onerous financial risk checks) would ruin their enjoyment of a leisure activity. A small minority called for a full ban on all gambling activity, but this sentiment was not widespread.
6. The next biggest category of respondents was Parliamentary stakeholders, including both Parliamentary groups and individual members of both houses. In addition to the letters from individual MPs (many of which relayed constituents' correspondence), we received detailed submissions from two Parliamentary groups; the Gambling Related Harm APPG and Peers for Gambling Reform. The All Party Betting and Gaming Group did not make a collective submission, but individual members provided evidence independently.
7. 22 organisations were categorised as 'other' which includes legal firms, convenience store associations and professional bodies. These organisations generally made targeted submissions which concentrated on single aspects of the call for evidence and gambling policy which overlap with their interests.
8. 18 sports and racing bodies provided targeted submissions on aspects of the call for evidence which overlapped with their sport, mainly on advertising and sponsorship.
9. Campaigners, charity organisations, and peer support/groups with personal experience provided a number of valuable and wide-ranging submissions. We are particularly grateful to those who shared the evidence of their own experience of harm to inform the Review's deliberations as they provide an important personal perspective. These generally called for tighter restrictions on gambling to prevent gambling-related harm.
10. The gambling industry made 57 submissions, coming from both trade bodies (for instance Betting and Gaming Council, Bacta, The Bingo Association, and the Lotteries Council), as well as individual companies. Some of these included information from customers, such as surveys. While all industry submissions recognised the need to update the regulatory framework and presented useful evidence to consider, some outlined far more developed proposals for reforms than others.

Annex B: Call for evidence responses and the evidence base

11. Researchers and academics shared a number of helpful pieces of evidence, including some new analysis of data from previous publications to specifically support consideration of questions in our call for evidence.
12. Finally, treatment providers, most notably NHS clinicians and third sector gambling treatment specialists, provided 8 submissions.
13. We do not intend to publish in full all of the submissions to the call for evidence as a number of respondents provided information on a confidential basis. However, where the evidence is pertinent to policy development, suitably anonymised excerpts have been included throughout the white paper.

Submissions from members of the public via 38 Degrees

14. 38 Degrees is an online campaigning organisation. It sent 4 questions (or variants of them) from our call for evidence with four additional gambling-related questions to 1.25 million of its members including people in every UK constituency. The questions were:
 - Do you think gambling advertising should be banned?
 - What are the benefits or harms caused by allowing licensed gambling operators to advertise?
 - What evidence is there on the harms or benefits of licensed operators being able to make promotional offers, such as free spins, bonuses and hospitality, either within or separately to VIP schemes?
 - Would you like to see age limits for gambling increased?
 - What, if any, is the evidence that extra protections are needed for the youngest adults (for instance those aged between 18 and 24)?
 - Is there any additional evidence in this area the government should consider, including in relation to particularly vulnerable groups?
 - Do you have personal experiences when it comes to the harms of gambling? Can you tell us a bit more?
 - Any other comments?
15. 14,937 individuals provided responses. These were then collated and forwarded to DCMS in a spreadsheet. On the request of 38 Degrees employees, DCMS officials agreed to treat the submissions individually rather than as a single collective submission on the basis that the responses represent good faith attempts by members of the public to provide substantive evidence in direct response to the questions in our call for evidence.

16. For this reason, submissions from members of the public which came via 38 Degrees accounted for 94% of all submissions of the Act Review call for evidence by volume. However, we note that these respondents are not necessarily representative of the wider public, in that all are members of a single campaigning organisation, and the c.15,000 respondents were self-selecting within that cohort. Additionally, we note that these individual responses are far shorter and typically do not provide as much detailed evidence as the submissions sent directly to DCMS.
17. Overall, the submissions from members of 38 Degrees demonstrated a generally negative view of gambling. For example, 97.5% of respondents expressed their view that all gambling advertising should be banned, while 83.2% of the respondents said they would like to see the age limits for gambling increased above 18.

Specific campaigns

18. During the call for evidence period, we also noted a number of submissions from members of the public which came as part of coordinated campaigns on various specific issues. These were normally in the form of templated albeit sometimes personalised letters. While these often covered issues which had been raised in the direct submissions considered above, we categorised them into campaigns where the wording used in each submission was nearly identical. There were 631 responses to the call for evidence which came from 5 identifiable campaigns.
 - **Football Index:** A campaign which focused on the collapse of BetIndex Ltd (the providers of Football Index), calling for an independent investigation of the circumstances of the collapse and redress for customers. The collapse happened in the final weeks of the call for evidence period.
 - **Enfield:** A campaign that raised concerns about the opening of an Adult Gaming Centre in Enfield, stating that further powers were required for Local Authorities.
 - **Skilled betting:** This campaign made a distinction between different forms of gambling and highlighted that 'skilled' betting should be considered differently to 'unskilled'.
 - **Against gambling advertising:** A campaign highlighting the harms of gambling advertising and calling for it to end.
 - **Horse racing and affordability:** A campaign that raised concerns about the potential impact of onerous financial risk checks on the viability of horse racing.

Figure 32: Breakdown of submissions received as part of a campaign

Respondent type	Submissions	% of campaign submissions
Football Index	476	75.4%
Enfield AGC	98	15.5%
Skilled Betting	14	2.2%
Against gambling advertising	27	4.3%
Horse racing and affordability	16	2.5%
Total	631	100%

Other sources of evidence

19. In addition to the written submissions sent to DCMS, we have considered a number of other sources of evidence. Firstly, we are grateful to the Gambling Commission for providing [formal advice](#) on the issues in scope of the Act Review, in accordance with its duties under [section 26](#) of the 2005 Gambling Act. The advice reflects the Commission's own insights and its reflections on responses to the government's call for evidence which were shared with Gambling Commission officials.
20. Additionally, ministers and officials undertook a deliberately balanced series of meetings to ensure that key stakeholders had a chance to expand on information provided in written submissions. In the period between the opening of the call of evidence on the 8th December 2020 and publication, the ministers responsible for the Gambling Act Review had over 100 meetings with stakeholders on gambling issues. This was supplemented by hundreds of official level meetings with stakeholders. Ministers and officials from other departments have also had a number of meetings with gambling stakeholders.
21. We have also considered a range of major publications which, while not specifically part of the Act Review, have a clear bearing on it, for instance the [PHE evidence review](#) which was agreed as a follow up to the 2016-18 Review of Gaming Machines, and the [Independent Review of the Regulation of BetIndex Ltd](#). There have also been a number of major reports from think tanks and Parliamentary groups which have contributed to gambling discourse over recent years. In particular, we are grateful to the House of Lords ad-hoc Select Committee on [the social and economic impact of gambling](#), and we have considered all of the evidence submitted directly to that committee and its recommendations in our deliberations. We have also considered a broad range of academic and other literature on gambling harm and gambling harm prevention, including material produced in other jurisdictions, and publications since the call for evidence period.

Annex C: Acronyms and definitions

Acronyms

Adult gaming centres ('AGCs')	Arcade premises, with access restricted to individuals over the age of 18.
Alternative Dispute Resolution ('ADR')	A system outside the courts for resolving disputes between businesses and consumers eg. between gambling operators and consumers.
Anti-Money Laundering ('AML')	Actions and processes that operators implement in order to help prevent the laundering of illegitimate funds, in accordance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Proceeds of Crime Act 2002 and the Terrorism Act 2000.
Customer Due Diligence ('CDD')	The requirement to gather information about a customer in order for the operator to assess the extent to which the customer exposes the business to money laundering and terrorist financing risks, in accordance with the Money Laundering Regulations, including identifying the customer, verifying the customer's identity, and assessing and gathering information on the purpose and intended nature of the business relationship.
Enhanced Customer Due Diligence ('ECDD') checks	Measures that casino operators must apply in instances where there is a high risk of money laundering or terrorist financing. These must also be carried out by any operator wishing to enrol customers to a High-Value Customer or VIP scheme.
Family Entertainment Centres ('FECs')	Amusement arcade premises, with games playable by families and children.
Fixed Odds Betting Terminal ('FOBT')	B2 gaming machines are also known as fixed-odds betting terminals (FOBT). A type of electronic machine located in licensed gambling premises that offer a variety of games, such as electronic roulette.

Annex C: Acronyms and definitions

Gross Gambling Yield ('GGY')	This is calculated in accordance with the following formula ($a + b - c$), where (a) is the total of any amounts that will be paid to the licensee by way of stakes in the relevant period in connection with the activities authorised by the licence, (b) is the total of any amounts (exclusive of value added tax) that will otherwise accrue to the licensee in the relevant period directly in connection with the activities authorised by the licence, and (c) is the total of any amounts that will be deducted by the licensee in respect of the provision of prizes or winnings in the relevant period in connection with the activities authorised by the licence.
High-Value Customer (HVC/VIP) schemes	A marketing programme which caters to more engaged or higher spending consumers. These are usually personalised, involving more regular contact with a client service representative and high value incentives/ inducements which are tailored to a customer's preferences.
Industry Code for Socially Responsible Advertising ('IGRG Code')	An industry code of practice, owned by Industry Group for Responsible Gambling (IGRG), providing gambling operators with a range of measures to enhance social responsibility of advertising. Gambling Commission LCCP states operators should follow the industry code.
Know Your Customer ('KYC')	The requirement to gather sufficient information about a customer in order for the operator to assess any compliance risks associated with transacting with them, and to detect when they are laundering criminal proceeds.
Licence Conditions and Codes of Practice ('LCCP')	The requirements and rules which all licensees must meet in order to hold a Gambling Commission licence.
Licensing Authorities	These are local authorities in England and Wales, and licensing boards in Scotland. These are local regulators, whose job it is to regulate gambling locally, in line with local circumstances.
Personal functional licence ('PFL')	A Gambling Commission licence for individuals involved in gaming or handling cash in relation to gambling at a licensed casino. A list of roles which must hold this licence is available on the Gambling Commission website .

Personal Management Licence ('PML')	A Gambling Commission licence for individuals responsible for certain activities at licensed gambling operators. A list of these activities is available on the Gambling Commission's website .
Problem Gambling Severity Index ('PGSI')	A widely used screening tool for use amongst the general population which measures the number of problem gamblers, moderate risk gamblers and low risk gamblers in a population. Individuals self-assess their gambling behaviour over the past 12 months by scoring themselves on a four point scale against nine questions. When scores to each item are summed, a total score ranging from 0 to 27 is possible. A PGSI score of 8 or more represents a problem gambler.
Remote Technical Standards ('RTS') or Technical standards for gaming machines	The Gambling Commission's requirements around game features, display notices and general machine operation, including metering. These standards allow equivalence between different types of technology and do not specify ownership products or technologies. Testing regimes for these standards will permit equivalent international standards.
Research, education and treatment ('RET')	Often used to describe the arrangements which deliver or support research into the prevention and treatment of gambling-related harms, harm prevention approaches and treatment for those harmed by gambling. Sometimes also referred to as 'research, prevention and treatment'.

Definitions

Adtech	Digital advertising technology, including tools and services that online advertisers use to target ads to certain users based on their demographics or browsing history, or alternatively to exclude certain audiences from an advertising campaign (e.g. ensuring that GB customers do not see adverts for a gambling operator who does not hold a Gambling Commission licence).
At-risk gambling (moderate -risk or low-risk as defined by the PGSI)	People who are typically low risk or moderate risk gamblers (according to the PGSI), meaning they may or may not have experienced adverse consequences from their gambling.
Cryptoassets	Digital assets which use cryptographic techniques to generate a medium of exchange. Examples include cryptocurrencies, utility coins, security tokens and non-fungible tokens.
Gambling harm/ gambling-related harm	Gambling-related harms are the adverse impacts from gambling on the health and wellbeing of individuals, families, communities and society.
Loot box	‘Loot box’ refers to a type of video game feature which may be purchased or acquired through gameplay. They are characterised by a random reward mechanism. Players can open them for a chance to win a randomised item, but they will get something. The items are usually either cosmetic or improve the playing experience.
Non-fungible token (‘NFT’)	A unique digital identifier that is recorded in a blockchain and used to certify ownership and/or authenticity of a particular digital asset.
Problem gambling	Gamblers who have experienced adverse consequences from their gambling and may have lost control of their behaviour (Ferris et al 2001).

Bodies

Advertising Standards Authority ('ASA')	The independent, non-statutory regulator of advertising across all media.
Betting and Gaming Council ('BGC')	Trade body representing the betting and gaming industry in the UK.
British Amusement Catering Trade Association ('Bacta')	Trade body representing the amusement and gaming machine industry in the UK.
British Horseracing Authority ('BHA')	The British Horseracing Authority is responsible for the governance, administration and regulation of horse racing and the wider horse racing industry in Britain.
Committee of Advertising Practice ('CAP') and Broadcast Committee of Advertising Practice ('BCAP')	Committees formed of advertising industry stakeholders responsible for setting the codes of conduct around advertising in different sectors and media channels. The codes are administered by the ASA.
Competition and Markets Authority ('CMA')	The UK's statutory competition regulator.
English Football League ('EFL')	The league of professional football clubs from England and Wales.
Financial Conduct Authority ('FCA')	The independent statutory regulator for the UK financial services industry.
Financial Ombudsman Service ('FOS')	An ombudsman service with statutory powers that helps settle disputes between consumers and UK-based financial service firms.
Independent Betting Adjudication Service ('IBAS')	The largest ADR provider approved by the Gambling Commission.
Information Commissioner's Office ('ICO')	A non-departmental public body with responsibility to uphold data/information rights.

Annex C: Acronyms and definitions

Office for Health Improvement and Disparities ('OHID')	A public health agency within the Department for Health and Social Care, responsible for building the evidence base, developing policy and delivering services around health improvement in England, including responsibility for addiction and development and delivery of prevention services.
Office for National Statistics ('ONS')	The executive office of the UK Statistics Authority – the independent producer of official statistics for the UK.
Office of Communications ('Ofcom')	The UK's statutory regulator for broadcasting, telecommunications and postal communications.
Ombudsman Association ('OA')	A professional association for Ombudsman schemes and complaint handlers in the UK and Ireland.
Public Health England ('PHE')	The former public health body with responsibility for addiction and harm prevention. Dissolved in 2021 with responsibilities around gambling-related harm transferred to OHID.
Responsible Affiliates in Gambling ('RAiG')	Industry body representing gambling marketing affiliates.
The Bingo Association	Trade body for the UK bingo industry.
The Gambling Commission ('the Commission')	The statutory regulator for gambling in Great Britain.

Gaming machines

22. Gaming machine types including stakes, prizes, location and speed of play.

Type	Max stake	Max prize	Permitted location	Min game cycle	Notes
B1	£5	£10,000	Casinos	2.5 sec	Option of a maximum £20,000 linked progressive jackpot on a premises basis only
B2	£2	£500	Casinos, betting shops and tracks with pool betting	20 sec	
B3	£2	£500	Licensed bingo premises and AGCs*, plus all venues permitted to offer Cat B1 or B2 machines	2.5 sec	* AGC = Adult Gaming Centre
B3A	£2	£500	Members' clubs or miners' welfare institutes only	2.5 sec	
B4	£2	£400	B3A venues plus commercial clubs, bingo premises, AGCs, betting shops, tracks with pool betting and casinos.	2.5 sec	
C	£1	£100	Pubs, adult-only sections of licensed FECs*, plus all venues which can offer Cat B machines	1.5 sec when at max stake	Average game cycles over an hour must be at least 2.5 sec * FEC = Family Entertainment Centre

Annex C: Acronyms and definitions

Type	Max stake	Max prize	Permitted location	Min game cycle	Notes
D	10p	£5	Family Entertainment Centres (FECs), pubs, travelling fairs and unlicensed family entertainment centres (UFECs) with a permit. Also available to all venues which are permitted to offer Category B or C machines	2.5 sec	Money prize machines
	£1	£50		N/A	Crane grab machines
	30p	£8		N/A	Other non-money prize machines
	20p	£10		N/A	Coin pushers (£10 of non-money prizes allowed in addition to £10 money prize limit)
	10p	£5		N/A	Other combined money and non-money prize machines – £3 of non-money prizes allowed in addition to £5 money prize limit

Source: [Gambling Commission](#)

Annex D: Example voluntary codes of conduct adopted by operators across the gambling sector

Chapter One – Online protections

- The Betting and Gaming Council [Code of Conduct: Game Design](#)
- The Betting and Gaming Council [Code of Conduct](#) (General)

Chapter Two – Marketing and advertising

- Bacta [Gambling Advertising Codes](#)
- [Gamcare Industry Code](#) for Display of Safer Gambling Information
- [Industry Group for Responsible Gambling \(IGRG\) Code](#) for Socially Responsible Advertising
- The Betting and Gaming Council Code of Conduct: [High Value Customer VIP Reward Programmes](#)
- The Betting and Gaming Council Code of Conduct for [partnered posts on football clubs' social media accounts](#)

Chapter Four – Dispute resolution and consumer redress

- There are no voluntary codes on dispute resolution – all licensed operators are required by licence conditions to provide customers with access to Alternative Dispute Resolution. As an approved body, ADR providers are also held to particular standards by the Gambling Commission or, where relevant, the Ombudsman Association Services Standards Framework and the robust requirements of its membership.

Chapter Six – Land-based gambling

- Bacta, [Age Verification for Arcades](#)
- Bacta, Bingo Association and Betting and Gaming Council [Land-Based Game Design Code of Conduct](#)
- Bacta [Social Responsibility Charter and Code of Practice](#)
- The Bingo Association [Code of Conduct for Social Responsibility](#)

Accreditations

- [Gamcare Safer Gambling Standard](#)

Annex E: Organisations and published authors that responded to the call for evidence

A

Ace Gaming Ltd (game development company)
Action on Smoking and Health
Administration of Gambling on Tracks Limited
Advertising Association
Advertising Standards Authority
Age Check Certification Services Limited
Age Verification Providers Association
Alcohol Change UK
Alliance for Intellectual Property
All-Party Parliamentary Group for Gambling Related Harm
Apricot Investments Limited
Arsenal Supporters Trust
Aspers UK Holdings Limited
Association of Convenience Stores
At the Races

B

British Amusement Catering Trade Association
British Association of Leisure Parks, Piers and Attractions
Battersea Dogs and Cats
beBettor Limited
Bet Victor Limited
BetFred
Betnowmore UK
Betting and Gaming Council
Betway Limited
Professor Bowden-Jones, Henrietta, National Clinical Advisor on Gambling Harms
Brent Council
Britbet Racing LLP
British Association of Leisure Parks, Piers and Attractions
British Greyhound Racing Fund
British Racecourse Bookmakers Association
British Racing (British Horseracing Authority, Racecourse Association and Horsemen's Group)
Buzz Bingo

C

Cashless Group
Carnegie UK Trust
Castle Leisure Ltd
Celton Manx Ltd
Channel 4
Chartered Institute of Fundraising
Cheltenham Borough Council
Children's Commissioner
Christian Action Research and Education
Citizens Advice Bureau
City of Wolverhampton Council
Clean Up Gambling
Club 3000

D

Deal Me Out
Dispute Resolution Ombudsman
Doncaster Council

E

Electrocoin
Enfield City Council
England and Wales Cricket Board
England and Wales Cricket Board (ECB), Football Association (The FA), Lawn Tennis Association (LTA), Premier League (PL), Rugby Football Union (RFU), Sport and Recreation Alliance (SRA) and Sports Rights Owners Coalition (SROC)
English Football League
Entain Plc
EPIC Risk Management
Equifax
Euro Games Technology Ltd
European Healthy Stadia Network
European Tour (Golf)
Evangelical Alliance
Exeter City Council

F

Facebook
Fast Forward
Federation of Racecourse Bookmakers
Financial Crime Intelligence Ltd and Fincom.com
Flutter Entertainment
Football Supporters' Association
Future Anthem

G

GambleAware
GamBan
Gambling Business Group
Gambling Health Alliance
Gambling Insight
Gambling Research Exchange Ontario
Gambling Research Group, the University of Glasgow
Gambling with Lives
GamCare
Gamesys
GamFam and GamLearn
GAMSTOP
Dr Gaskell, Matt, Clinical Lead NHS Northern Gambling Service
Gatherwell Ltd and Jumbo Interactive Ltd
Gambling Reform and Society Perception
Gambling Treatment & Research Clinic, The University of Sydney (Associate Professor Sally Gainsbury, Mr Thomas Swanton, Mr Dylan Pickering, Mr Rob Heirene)
Genting Plc
Glasgow City Council
Gordon Moody Association
Greene King Pubs
GREO
Greyhound Board of Great Britain

H

Hare Analytics

Haringey Council

Dr Hayley, Simon & Professor Marsh, Ian W, Bayes Business School, City, University of London

Headway

Health and Social Care Alliance Scotland

Health CIC Lotteries

HM Government of Gibraltar

Horseracing Bettors Forum

Hospice Lotteries Association

Howard League for Penal Reform

I

Incorporated Society of British Advertisers (ISBA)

Independent Betting Adjudication Service (IBAS)

Inspired Gaming

Institute of Alcohol Studies

Institute of Economic Affairs (IEA)

Institute of Licensing (IoL)

Interactive Advertising Bureau (IAB)

ITV

J

Dr James, Richard, University of Nottingham

Justice for Punters

K

Kindred Group

Kirklees Council

L

Law Society of Scotland

Lawn Tennis Association (LTA)

Leeds City Council

Leigh Day

Les Ambassadeurs Club Limited

Local Government Association (LGA)

Lotteries Council

M

Methodist Church, Baptist Union of Great Britain, United Reformed Church and the Church of Scotland

Mission & Public Affairs Council (MPAC) of the Church of England

Mitchells & Butlers plc

Money and Mental Health Policy Institute

Monzo

N

National Centre for Social Research (NatCen)

Professor Nairn, Agnes & Dr Rossi, Raffaello, University of Bristol

Northern Ireland Assembly All Party Group on Reducing Harm Related to Gambling

Norwich City Football Club

Novomatic UK

Dr Newall, Philip, Professor Ludvig, Elliot, Dr Singmann, Henrik, Dr Walasek, Lukasz, and Dr Weiss-Cohen, Leonardo (joint submission)

O

Ombudsman Association

Professor Orford, James

P

Parent Zone

Peers for Gambling Reform

People's Postcode Lottery

Personal Finance Research Centre, University of Bristol

Playtech plc

Policy Institute: Action Against Gambling Harms

Premier League

Q

Quaker Action on Alcohol and Drugs (QAAD)

R

Racecourse Promoters Association Ltd

Racehorse Owners Association

Radiocentre

Rank Group

Recreativos Franco

Annex E: Organisations and published authors that responded to the call for evidence

Responsible Affiliates in Gambling

Racecourse Media Group

Rugby Football League

S

SAZKA Group

Scottish Professional Football League

Dr Sharman, Stephen (King's College London) and Dr Roberts, Amanda, Dr Onwuegbusi, Tochukwu, Professor Hogue, Todd (University of Lincoln) (joint response)

Sheffield City Council

Sky

Smarkets Ltd

Social Market Foundation

Society of Local Authority Lawyers and Administrators in Scotland

Sport and Recreation Alliance

SportRadar

Sports Betting Group

Stonegate Group

T

TalkGen

TBP Europe Limited

(Members of) The Academic Forum for the Study of Gambling (AFSG), University of Lincoln

The Addictions Research Group, the University of South Wales

The Behavioural Insights Team

The Big Step

The Bingo Association

The Centre for Social Justice

The Christian Institute

The Football Association

The Football Pools Limited

The Gauselmann Group

The Health Lottery

The Hippodrome Casino

The National Lottery Forum

The Samaritans

The Spraylakes Consultancy

Trade Union Congress

Twitter

Annex E: Organisations and published authors that responded to the call for evidence

U

UK Finance
UK Tote Group
Unite

V

Violence Prevention and Licensing Co-Ordination Unit, Police Scotland
Vita CA

W

Drs Wardle H, Critchlow N, Donnachie C, Ms Brown A & Professor Hunt K (joint submission), University of Glasgow and University of Stirling
Welton Holdings Ltd
West Lothian Licensing Board
Westminster City Council
West Yorkshire Police
White Ribbon Association
William Hill
World Tote Association

X

Xiao, Leon & Henderson, Laura L

Y

YGam
Yoti

Z

Dr Zendle, David

#

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