

Personal Finance Research Centre, University of Bristol
Consultation response: Review of the Gambling Act 2005
March 2021

This response is on behalf of the University of Bristol's Personal Finance Research Centre, which is an independent social research centre. Our research has helped improve policy and practice in sectors such as financial services and energy, in turn improving outcomes for consumers. Our programme of gambling research includes [the MAGPIE programme](#), a three-year partnership with GambleAware to explore the potential role of financial services firms in reducing gambling harms; and work (with the Behavioural Insights Team) funded by Standard Life Foundation that aims to reduce gambling harm through increased understanding of harm to family members; testing of current and new responsible gambling messages; and assessing ease of access to cash near gambling outlets.

We are happy for our response to be made public and are willing to be contacted:
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The complexity of the online gambling environment requires a new approach to regulation that recognises the roles and responsibilities of different regulators and the need for effective collaboration and co-ordination between them – including the Gambling Commission, the Digital Markets Unit, the Financial Conduct Authority (which [regulates spread betting](#)), the Information Commissioner's Office, the Advertising Standards Authority and the Equality and Human Rights Commission.

Online protections – players and products

Q5. Is there evidence on how the consumer data collected by operators could be better deployed and used to support the government's objectives?

Like all online businesses, gambling operators collect immense quantities of data (which they often combine with other third-party data) that they use to profile and track consumers in order to deliver targeted marketing that may encourage [harmful consumption of gambling products](#). Regulation has failed to keep up with these developments. If gambling advertising continues to be allowed, new regulation is needed to limit how gambling operators can use customer data for personalised, targeted marketing; and to strengthen the responsibility of gambling operators to use data to identify potentially harmful gambling and proactively intervene to prevent harm occurring.

Bank transaction data also offers [important insights to potentially harmful gambling](#) among financial services customers, not least because banks can see activity across different gambling operators. This data offers potential for preventative action that should be encouraged.

Q9. What evidence, if any, is there to suggest that new and emerging technologies, delivery and payment methods, such as blockchain and cryptocurrencies could pose a particular risk to gambling consumers?

There are more than [170 different payment methods for online gambling](#), and this number is likely to be increasing. Some UK banks and lenders now offer [gambling blocks](#) on credit and debit cards. These work by blocking transactions to Merchant Category Codes (MCC) allocated to gambling operators.

However, as shown in our research on [gambling blocks](#), (a) the majority of UK banks and lenders do not offer such gambling blocks to customers (which means millions of UK customers do not have the choice to protect themselves in this way); (b) MCC blocking is not enough on its own – there are instances when customers can continue to gamble using their bank card even when they have a gambling block activated (due to transaction laundering by gambling operators i.e. they illegally use a merchant category code that is unrelated to gambling).

Because of these shortcomings, some people with lived experience of gambling are asking UK banks and creditors to also offer (alongside MCC blocking) controls that allow limits to be set on daily spending on a current account, and to consider the introduction of similar controls on faster payments. Alongside an MCC blocker, these additional two controls would arguably give customers (a) the ability (if they choose to use it) to avoid transaction laundering problems; (b) greater control over their daily spending (with a limit on daily spending preventing large amounts being lost, or the chasing of losing streaks); and (c) greater control over any payments or transfers to gambling operators and e-wallets.

Consequently, reducing this harm requires the card schemes to proactively monitor and take swift action against gambling operators that engage in transaction laundering; with equivalent action by the Gambling Commission where possible. However, it also requires action from the UK financial services sector beyond that already taking place, which is something the Gambling Act Review should at least acknowledge in its considerations.

In addition to the above points, the proliferation of non-card payment methods – including pay by phone bill and faster payments via payment initiation services – means that helping consumers to block gambling payments is complex. Given that e-wallets (such as PayPal and Skrill) are a popular way to pay for online gambling, there is an opportunity for e-wallet providers to help reduce gambling harm by offering their customers a gambling transaction block with a time-released lock. This would build on changes they have already made in response to the Gambling Commission's credit card ban. E-wallet providers could also ban gambling transactions on their platforms, as some have already done.

Legislation and regulation should be future-proofed in terms of protecting consumers from gambling harm linked to new payment options such as cryptocurrency gambling. This is challenging due to the distributed ledger technology on which cryptocurrencies operate. Regulators should also be equipped to quickly identify and act where they see risk of harm.

Advertising, sponsorship and branding

Q15. Is there any additional evidence in this area the government should consider, including in relation to particularly vulnerable groups?

The Gambling Act 2005 ensures the protection of children and vulnerable groups from gambling, but the term 'vulnerable groups' is not clearly defined and may be interpreted too narrowly to effectively prevent gambling harms.

Gambling harms (which include financial, economic, health, emotional, psychological and relationship harms) affect a wide range of individuals including those impacted by someone else's gambling.

Notably, research carried out by the Victorian Responsible Gambling Foundation in Australia found that most gambling harm is experienced by people whose gambling behaviour is not classified as problem gambling. If the legislation is to provide adequate consumer protection, we believe that it should seek to protect all children and adults from gambling harm of all types.

Land-based gambling

Q40: What evidence is there on potential benefits or harms of permitting cashless payment for land-based gambling?

As noted in Q9, permitting cashless payments to land based gambling brings into sharp focus the controls on debit cards that exist for individuals to control their expenditure in these settings.

As it stands, only a minority of UK banks and financial service providers offer customers the choice of blocking transactions to gambling operators.

Furthermore, few banks or financial service providers publicly offer or promote additional controls of customers over gambling expenditure, such as setting a daily limit.

Consequently, when considering cashless payments being introduced for land-based gambling, this should include the range of controls that are available (or need to be made available) to people who wish to control their debit card expenditure in this setting.