

NORTHERN IRELAND ASSEMBLY ALL PARTY GROUP ON REDUCING HARM RELATED TO GAMBLING

Response to Gambling Related Harm APPG inquiry on UK Government's
White Paper on Gambling Regulation *'High Stakes: Gambling Reform
for the Digital Age'*

July 2023

Introduction

The Northern Ireland Assembly All Party Group on Reducing Harm Related to Gambling welcomes the opportunity to submit this response to the APPG's inquiry on the UK Government's White Paper.

Gambling regulation is a devolved matter in Northern Ireland, where it falls under [The Betting, Gaming, Lotteries and Amusements \(Northern Ireland\) Order 1985](#) and [The Betting, Gaming, Lotteries and Amusements \(Amendment\) Act 2022](#). As such, The UK Government's White Paper on Gambling Regulation *'High Stakes: Gambling Reform for the Digital Age'* will not cover regulation here (apart from the issue of advertising and promotion of remote gambling, which is a reserved matter). Nevertheless, reforms in Great Britain are likely to impact on the next phase of gambling regulation here. This phase will involve a more comprehensive overhaul of Northern Ireland's gambling laws, including a complete new regulatory framework that will, for the first time, encompass online gambling. It is anticipated that the necessary legislation will

not be enacted in this mandate, which runs to 2027, given the scale and complexity of the task, and the continued absence of an Executive and functioning Assembly here.

The last Gambling Prevalence Survey undertaken between the Northern Ireland Statistics and Research Agency (NISRA) and the Department for Communities was done in 2016, and identified 2.3 per cent of the population as having a gambling problem.¹ While this likely underestimates the number of problem gamblers here,ⁱ it is still more than four times higher than that recorded in Britain and almost three times higher than in the Republic of Ireland.²

What is the optimal stake limit for harmful online slot content and how online game design should be modified to prevent harm including opt-out deposit limits?

Online gambling is currently unregulated in Northern Ireland, and has grown sharply in recent years, making it easier to access than ever before. The most recent survey³ found that 15.8 per cent of those in Northern Ireland that gambled in the last year did so online, compared with 6.7 per cent in 2010.^v Users are able to access GB-based online operators without impediment, and proposals in the White Paper pertaining to online gambling will have a strong impact on people here.

As demonstrated clearly in both the APG's inquiry reports,⁴ different forms of gambling carry different risks to users, and therefore it is logical to assume that the regulation of more addictive products should differ from less addictive ones. It is therefore deeply concerning that there are currently no statutory (or regulatory) limits on the amount an individual can stake on any online gambling product. Online slot content carries exceptional risks of gambling-harm, due to the speed and volume at which users can place individual bets.

ⁱ This 2.3 per cent refers only to those classified as problem gamblers within a single year and ignores the reality that gamblers move in and out of gambling harm, meaning the longitudinal incidence of gambling harm is of course higher. A more accurate model would count the number of people who experience gambling harm at some time in their lifetime.

In its inquiry on gaming machines,⁵ the APG received written evidence that suggests a strong link between high stakes and poor probability judgements when compared with lower stakes,⁶ and subsequently that stake limits can help mitigate gambling harm. Prize limits have also been shown to result in more responsible gambling practices.⁷

The UK Government has now proposed that stake limits for online slots be introduced, with an upcoming consultation in the summer of 2023 on a limit of between £2 and £15 per stake. Given the evidence presented to the APG, we would strongly support a limit of £2 on online slots (if not lower).

Other structural characteristics have been shown to increase gambling-related harm in land-based slot machines, namely:

- “Near miss” design: There is evidence to suggest that near misses can cause users’ brains to release almost as much dopamine to reward the player as a win, especially among addicts.⁸ The APG received evidence showing that users generally consider near misses to be “closer to a win than a loss”, despite being a loss. Near misses have been found to lead to play persistence in gamblers and have been shown to produce several physiological effects that suggest brain circuitry reward.⁹
- “Losses disguised as wins” (LDWs): This technique has a potent psychological effect on users, as it taps into their brain’s reward circuitry and contributes to the “cognitive dissonance” where users may know that they are losing but are unable to stop playing. The evidence received by the APG suggests that LDWs are strongly associated with harmful, continuous play, particularly for problem gamblers.¹⁰

Both near misses and LDWs were raised to the APG’s previous inquiry as warranting some form of regulation, as they combine to produce the potent experience which prolongs play in problem gamblers. LDWs cause users to overestimate how much they are winning (or if they’re

winning at all) and near misses motivate continued play.¹¹ These features should be banned or limited to the greatest possible extent for online gambling products.

Regarding spin speeds, the minimum play speed for electronic games machines (EGMs) slots permitted by the Gambling Commission is 2.5 seconds between spins. This quick and near-continuous play is associated with a more “potent” experience, in which users may forget about the external world while betting large amounts of money. Studies that have examined spin speeds have shown that faster speeds are associated with an increased risk of excessive gambling.¹²

The spins speeds for traditional slot machines are around 6 seconds between spins.¹³ It is therefore reasonable to suggest that gambling operators should be mandated to reduce spin speeds on EGMs to at least every 6 seconds.

While land-based gaming machines (EGMs and traditional slots) are subject to existing gambling laws in Northern Ireland, remote gambling is unregulated there and is unlikely to be subject to regulation for some years to come as described above. We look therefore to the reform of remote gambling regulations in GB. This must recognise that online slots, which can be accessed anywhere and anytime, are twice as harmful as EGMs and require a reduction in spin speeds to at least 12 seconds between spins.

As the APG recommended in its 2021 report: so far as possible, parity at the very least is required between the regulation of remote and non-remote gambling where current measures, such as stake-limits and speed of play, often vary greatly. Policy which aims to prevent and reduce harm must recognise that online sites allow consumers to bet at a faster speed for an indefinite amount of time and regulate accordingly.

How the Statutory Levy should be operated and administered?

The APG has recommended the following regarding a statutory levy in Northern Ireland, which may be of relevance in considering similar measures for GB:

- *Introduction of a statutory levy* - The current ad hoc system of voluntary industry contributions to research, education and treatment should be replaced with a statutory levy on online and remote gambling, the level of which should be decided with input from the Department of Health and HSC, based on healthcare expenditure related to gambling harm.
- *Smart levy* – polluter pays A ‘smart levy’ which aims to incentivise harm reduction should consider the harm risk of various products (measured either via healthcare surveys, categorisation, or profitability), and operate accordingly on a sliding scale, following the ‘polluter pays’ principle.
- *Introduce a levy for online gambling* - A statutory levy should be imposed on online gambling profits under a ‘point of consumption’ approach to gambling.
- *Independence of treatment services from industry* - To achieve the required level of independent, specialised care and to avoid conflicts of interest, treatment of gambling harm must not be directly or indirectly funded by industry but rather directly commissioned by the HSC using a hypothecated levy.
- *Independence of education services from industry* - Education programmes should not be commissioned or directly funded by industry. Instead, a statutory levy should be allocated directly via the relevant government departments, so that commissioned education providers are free to work independently of industry.

The APG would like to emphasise the importance of ensuring that levy-funded measures are strictly independent from influence from the gambling industry.

How should affordability checks be operated and what are the proposed parameters set out by the government?

Similarly, the APG recommends the following for Northern Ireland, which may be of use in considering this issue:

- *Single sign in mechanisms* - To ensure that affordability measures follow the gambler, regardless of gambling across multiple sites, it should be a licencing condition that online operators operate a single sign-on mechanism (SSO), i.e., a third party software platform on which gambling customers could create a user profile, their identity could be verified, and affordability checks could be performed.
- *Affordability card* - Consumers gambling in land-based bookmakers, racecourses and on gaming machines should have the equivalent of a membership card which checks the affordability of their gambling, taking into account all premises visited, both remote and non-remote. Regulation would be required to allow data sharing between bookmakers with data potentially centrally held by an independent body such as an ombudsman.

What is the optimal system for data sharing?

As with advertising of remote gambling, data protection is a reserved matter. Evidence submitted earlier this year by Clean Up Gambling to the Information Commissioner's Office (ICO) detailed widespread illegality in how data is obtained and used for profiling by online gambling operators. This affects citizens across the UK, including those in Northern Ireland, and the APG is calling on the UK Government to fulfil its obligations to protect our citizens' data.

The collection of data is also an issue between jurisdictions. The Gambling Commission provides detailed data on gross gambling yield (GGY) for GB but it does not do so for Northern Ireland. Instead, it provides combined figures for GB and other 'non-GB' jurisdictions. The presentation of the data in this format dilutes its utility to Northern Ireland policymakers when regulating for gambling related matters. Lack of clear data between jurisdictions (both within and without the

UK) means that policymakers lack the proper evidence base to understand the scale of gambling-related harm and to consider options for the future regulation of gambling.

The APG would urge the UK the Government to require the Gambling Commission to request NI-specific data from licensed gambling operators here. This data would be hugely valuable in understanding the prevalence of online gambling here and informing policy and legislation.

How an Ombudsman should be operated and administered?

As the APG has previously argued, current mechanisms to protect and seek redress for gambling consumers in Northern Ireland are ineffective and should be replaced by a dedicated and independent gambling ombudsman to bring gambling in line with the protections granted in relation to other consumer goods.

One of the failures of the current system in Northern Ireland is that a consumer attempting to resolve a dispute with an online gambling operator licenced by the GB Gambling Commission cannot rely on the GB Commission to help. Rather the consumer must go to court. If the operator does not have a legal presence in Northern Ireland, the gambler who has already taken a financial hit, will have to travel outside the jurisdiction, increasing their personal expenses and creating another barrier to consumers taking action.

The ideal system to resolve this would be through the establishment of an ombudsman who would take the case on behalf of the consumer. This would remove barriers to a consumer seeking compensation or trying to highlight unethical practices within the industry. This ombudsman would complement a regulator which by virtue of its licencing role is often more focused on industry issues than consumer protection and dispute resolution.

What further steps should be taken to protect children and young people from Gambling advertising?

We believe that the UK Government should take action to protect children in Northern Ireland from gambling advertising. Whereas print advertising of gambling products falls under the 1985 Order¹⁴, online and broadcast advertising are reserved matters. Nevertheless, these forms of gambling advertising impact on citizens in Northern Ireland heavily. In particular, children are vulnerable to the proliferation of gambling advertising through the likes of Premiership football. The UK Government has a duty of care to young people in Northern Ireland in this regard, and should specifically address the issue of gambling advertising and promotion to citizens in Northern Ireland.

Regulation on the advertising and promotion of gambling can present issues when two jurisdictions have different gambling laws. To take Northern Ireland as an illustrative example: it is often proffered that online gambling here is regulated by the GB Gambling Commission, given that the UK's Gambling (Licensing and Advertising) Act 2014 states that it is an offence to *advertise* remote gambling in Northern Ireland unless the operator holds a remote operating licence from the GB Gambling Commission. However, this does not mean that consumers here fall under the remit or protection of the GB Commission which does not cover Northern Ireland, where gambling is a devolved issue.

Summary of recommendations

- Regarding the upcoming consultation on a limit of between £2 and £15 per stake for online slots: the APG strongly supports a limit of £2 (if not lower).
- The APG supports the 2020 Gambling Commission decision to ban spin speeds of online slots under 2.5 seconds, and would suggest that this should apply to all online gambling products.

- The APG supports measures to discourage or ban other harmful characteristics of online slots (e.g. near miss designs and losses disguised as wins).
- The APG supports the introduction of a statutory “smart” levy that considers harm risk and operates on a sliding scale, and which is operationally independent of the gambling industry.
- The APG recommends that a licensing condition be imposed on online operators to implement a single sign-on mechanism (SSO) for affordability measures, and that consumers gambling in land-based establishments be provided with an affordability card that checks their gambling across multiple premises, with data potentially centrally held by an independent body.
- The APG recommends that a dedicated and independent gambling ombudsman be established in Northern Ireland.
- The APG recommends that the UK the Government require the Gambling Commission to request NI-specific data from licensed gambling operators here.
- The APG recommends that the UK Government takes specific action to protect children in Northern Ireland from online gambling advertising, highlighting the government's duty of care to citizens here.

References

¹ [Northern Ireland Gambling Prevalence Survey](#), 2016.

² Karlsson, A., & Hakansson, A. (2018). [Gambling Disorder, increased mortality, suicidality and associated comorbidity: A longitudinal nationwide register study](#). *Journal of Behavioural Addiction* 7(4), 1091-1099.

³ See 1

⁴ APG on Reducing Harm Related to Gambling: [The Future Regulation of Gambling in Northern Ireland](#) (2021) and [Gaming Machines in Northern Ireland](#) (2022).

⁵ APG on Reducing Harm Related to Gambling: [Gaming Machines in Northern Ireland](#) (2022).

⁶ NSW Responsible Gambling Fund (2019): Literature review of the impact of EGM characteristics on gambling harm, p. 4

See also: Parke, A., Harris, A., Parke, J. and Goddard, P., 2016. Understanding within-session losschasing: An experimental investigation of the impact of stake size on cognitive control. *Journal of Gambling Studies*, 32(2), pp.721-735

⁷ Walker, D.M., Litvin, S.W., Sobel, R.S. and St-Pierre, R.A., 2015. Setting win limits: An alternative approach to “responsible gambling”? *Journal of Gambling Studies*, 31(3), pp.965-986

⁸ Chase, H.W. and Clark, L., 2010. Gambling severity predicts midbrain response to near-miss outcomes. *Journal of Neuroscience*, 30(18), pp.6180-6187

⁹ See 6, p. 16

¹⁰ See 6

¹¹ Barton, K.R., Yazdani, Y., Ayer, N., Kalvapalle, S., Brown, S., Stapleton, J., Brown, D.G. and Harrigan, K.A., 2017. The effect of losses disguised as wins and near misses in electronic gaming machines: A systematic review. *Journal of Gambling Studies*, 33(4), pp.1241-1260

See also: Côté, D., Caron, A., Aubert, J., Desrochers, V. and Ladouceur, R., 2003. Near wins prolong gambling on a video lottery terminal. *Journal of Gambling Studies*, 19(4), pp.433-438

¹² Cloutier, M., Ladouceur, R. and Sévigny, S., 2006. Responsible gambling tools: Pop-up messages and pauses on video lottery terminals. *The Journal of Psychology*, 140(5), pp.434-438

See also: Sharpe, L., Walker, M., Coughlan, M.J., Enersen, K. and Blaszczynski, A., 2005. Structural changes to electronic gaming machines as effective harm minimization strategies for nonproblem and problem gamblers. *Journal of Gambling Studies*, 21(4), pp.503-520

¹³ M. Auer & M. Griffith, 2022. [The relationship between structural characteristics and gambling behaviour: An online gambling player tracking study](#)

¹⁴ [The Betting, Gaming, Lotteries and Amusements \(Northern Ireland\) Order 1985](#), Part III, Chapter V, Article 130; see also: [The Betting and Gaming \(Northern Ireland\) Order 2004](#)