



The Alliance for Gambling Reform

The Alliance for Gambling Reform (AGR) is a collaboration of over 50 community organisations with a shared concern about the deeply harmful and unfair impacts of gambling and its normalisation in Australian culture. We campaign for reforms of the gambling industry that reduce the harm it causes. For more information see: www.pokiesplayyou.org.au/the_alliance

The Alliance for Gambling Reform (AGR) welcomes this opportunity to make a submission to the review of the impact of illegal off-shore wagering, subsequent to meeting with review members on 12th November, in Melbourne.

Section 1: Recommendations

Based on the above, AGR makes the following recommendations for the Commonwealth Government of Australia:

1. Ratify a defined national on-line gambling licensing system for existing forms of on-line gambling that are legal in Australia.
2. Establish a competent national regulator (we propose that this be a section in ACMA) able to license and regulate legal providers and identify and prosecute or disrupt the activities of illegal operators. Capacity to work with relevant regulators from other nations will also be critical. Since the on-line gambling industry is technologically very advanced it is crucial that staff who know the products and are “tech savvy” are employed.
3. Apply a point of consumption tax on Australian licensed wagering companies. (There would be a need for rigorous pursuit of those who accept bets from Australian customers but are not licensed in Australia, to reduce illegal on-line gambling operators in Australia. This would involve blacklisting the off-shore illegal providers, pursuing them in the courts as has been done successfully in Europe (Belgium, Italy, Greece) and maintaining a Government data base of illegals sites and sharing this regularly with international jurisdictional regulators and law enforcement authorities.)
4. Introduce a requirement for financial institutions to not process transactions with off-shore gambling businesses that violate Australian law – through Australian banking laws.
5. Disallow the provision of all forms of credit for on-line wagering, including the wagering businesses providing any form of credit and the use of credit cards for betting.
6. Further, links, or any form of cross promotion between gambling providers and third party credit providers (such as payday and other fringe lenders) should be prohibited.
7. Disallow the marketing of on-line wagering businesses in all forms, including any inducements such as ‘free bets’, and personalised marketing targeting current or former on-line gamblers
8. Introduce a requirement that people gambling on-line must set a loss limit that will apply across all legal on-line wagering businesses operating in Australia, with any further gambling being blocked once loss limits are reached,

9. Require legal on-line wagering businesses in Australia to provide people gambling with them to be able to self-exclude themselves from all legal on-line wagering businesses operating in Australia through the one action and not on a provider-by-provider basis.
10. Third parties affected by gambler behaviour (such as close family) should be empowered to initiate restrictions on gambling expenditure, subject to demonstration of the effects of such behaviour.
11. On-line gambling businesses currently have an obligation to identify the source of funds for a gambler losing a lot of money under anti-money laundering laws. This obligation should be extended to an obligation to exercise a duty of care to such people, to ensure they can afford to lose the amounts they are losing without harm resulting.
12. There should be greater enforcement of know your customer obligations under Australian anti-money laundering legislation for on-line gambling businesses, given the ease with which on-line wagering can be used for money laundering and given that knowing their customers will assist on-line gambling businesses with providing better consumer protection measures.
13. There should be a mandatory use of positive verification methods i.e. 100 point verification type system that has to be performed before any bet can be placed (this would prevent children using a credit card to access)
14. Australian authorities be granted the ability to issue take-down notices to hosting services of off-shore gambling businesses that violate Australian law.
15. The Australian Government should place the names of the directors and owners of off-shore gambling businesses that break Australian law on the Movement Alert List, should they attempt to enter Australia. Such people should be arrested and prosecuted should they enter Australia.
16. Introduce a requirement for legal on-line wagering businesses to be required to have software (detection algorithm) to monitor gambler's behaviour to identify signs of harmful gambling as a basis for help intervention when such signs are detected and to act when problem gambling behaviour is identified.
17. Establish a national Gambling Industry Ombudsman to receive and resolve complaints / concerns regarding consumer protection
18. Address policy asymmetry with funding (e.g. as a percentage of gambling taxation) set aside for representing consumer views regarding consumer protection, consumer education and engagement, advocacy and engagement in policy debates.
19. Australian governments to seek to provide leadership internationally regarding international protocols and agreements regarding shared policies and regulatory cooperation with respect to compliance and enforcement. Leadership can start with Australia putting on-line gambling regulation cooperation on the agenda of multilateral agencies (United Nations eg through WHO, World Bank etc.) and through collaborative forums e.g. ASEAN, G20, CHOGM
20. The Australian Government should collaborate with other governments to actively push for secrecy jurisdictions that host and licence on-line gambling businesses to be fully compliant with their anti-money laundering obligations under the Financial Action Task Force (FATF) recommendations.
21. The Australian Government should seek to ensure that through the implementation of the OECD Base Erosion and Profit Shifting Action Plan off-shore gambling businesses are appropriately taxed, even where they are taking bets illegally.
22. The Australian Government should ensure that regular data about on-line gambling is collected and made publicly available, including data about levels of on-line gambling, licensing arrangements, problem gambling identification, compliance and enforcement actions undertaken and harm minimisation measures taken. Reliable and up to date data is essential for informed policy debate and development.

Section 2: Context

We understand that the terms of reference for this review are:

The Review will examine:

- 1. the economic impacts of illegal off-shore wagering and associated financial transactions on legitimate Australian wagering businesses, including size of the illegal industry, growth, organisation and interrelationships with other criminal industries and networks*
- 2. International regulatory regimes or other measures that could be applied in the Australian context*
- 3. What other technological and legislative options are available to mitigate the costs of illegal off-shore wagering; and*
- 4. the efficacy of approaches to protect the consumer – including warnings, information resources, public information campaigns and any other measures, regulatory or otherwise, that could mitigate the risk of negative social impacts on consumers.*

We address the terms of reference in this order in Section 3 of this submission, but first we wish to make a couple of broader contextual comments.

Gambling and Harm

AGR is particularly concerned about the adverse impact that gambling has on individuals with gambling problems, their families and friends as well as the broader community. The harms associated with problem gambling extend well beyond the often devastating impacts on the individuals most directly affected.

The Australian Productivity Commission concluded in their very thorough 2010 report¹:

“Based on available survey data, there are between 80 000 and 160 000 Australian adults suffering significant problems from their gambling (0.5 to 1.0 per cent of adults), with a further

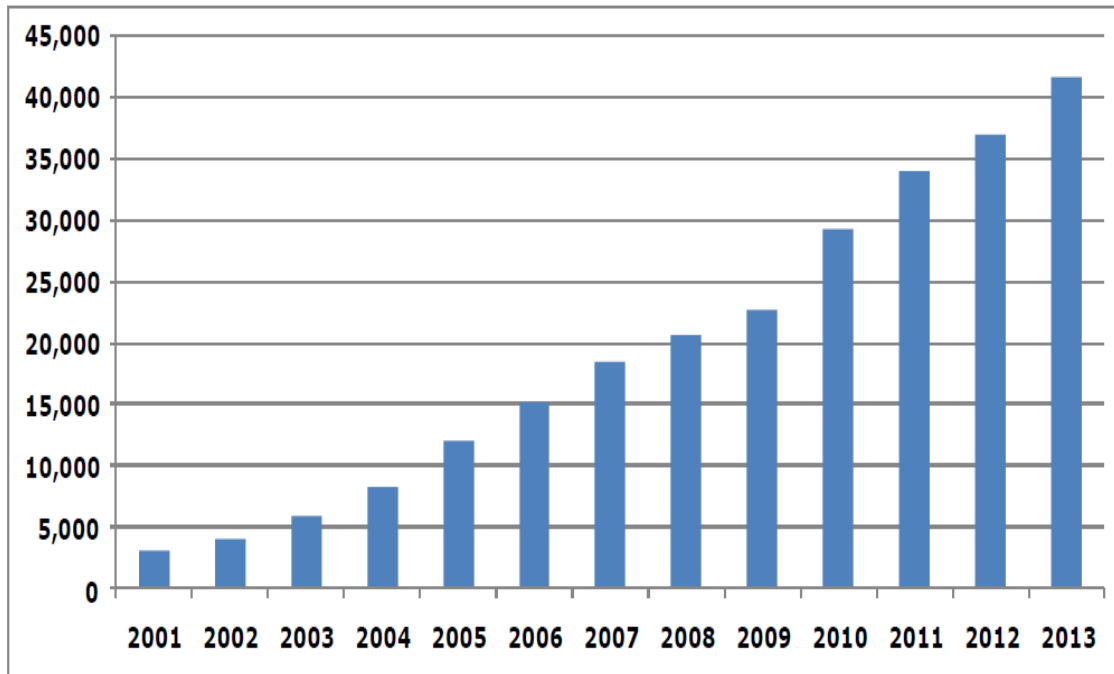
¹ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra.

230 000 to 350 000 experiencing moderate risks that may make them vulnerable to problem gambling (1.4 to 2.1 per cent of adults).

The significant social cost of problem gambling — estimated to be at least \$4.7 billion a year — means that even policy measures with modest efficacy in reducing harm will often be worthwhile.”

Meanwhile it is also clear that levels of on-line gambling are also growing significantly as shown in figure 1.

Figure 1. Global Internet Gambling Expenditure \$USm ('Legal' on-line gambling only)



Source, from Dr Sally Gainsbury² presentation to Victorian Responsible gambling Awareness Week Forum 23 May 2011: “emerging trends in on-line sports betting in Australia”, <http://www.slideshare.net/problemgambling/7-rgaw-sally-gainsbury>

In considering harm associated with on-line gambling we refer to Williams, Wood and Parke who we regard as world leaders in rigorous, academic gambling related research and commentary. They state:

“Research has found that the prevalence of problem gambling is three to four times higher among Internet gamblers compared to non-Internet gamblers (Griffiths and Barnes, 2008; Ladd and Petry, 2002; Wood and Williams, 2007, 2009)”³

² From presentation “emerging trends in on-line sports betting in Australia”, presentation by Dr Sally Gainsbury to Victorian Responsible gambling Awareness Week Forum 23 May 2011 <http://www.slideshare.net/problemgambling/7-rgaw-sally-gainsbury>

³ Williams, R.J., Wood, R.T., & Parke, J. (2012). Policy options for Internet gambling. In *Handbook of Internet Gambling* by Williams, R.J., Wood, R.T., & Parke, J (eds). Routledge: London. Pp 349-363.

The authors explain this statement by saying:

“...the nature of on-line gambling makes it somewhat more problematic than most other forms of gambling. This is due to its greater convenience, 24-hour access, ability to play when intoxicated, lack of player protection features, the solitary nature of the play, the fact that gamblers are playing with ‘electronic’ cash, the ability to play multiple sites/games simultaneously, and because it is more difficult for Internet problem gamblers to curb their behaviour (i.e., it is much easier to avoid land based casinos, racetracks, and bingo halls than it is to avoid computers or the Internet) (Griffiths, 1999, 2003; Griffiths and Parke, 2002; King, 1999; King and Barak, 1999; Schull, 2005; Wood, Williams, and Lawton, 2007).”

They also observe that

“The prevalence of on-line gambling in each country roughly parallels its legal availability (Wood and Williams, 2009). For example, the UK has one the world’s most liberal Internet gambling laws as well as the world’s highest known rate (past year) of Internet gambling (14 percent in 2010, NCSR, 2011). Furthermore, there is good evidence of increased Internet gambling participation subsequent to legalization or liberalization.”

With Australia already having a high prevalence of gambling harm, see figure 2 below, and with evidence that on-line gambling harm rates are higher than for existing terrestrial gambling forms, there is reason for Australian policy makers to be very concerned about the potential for significant, increased gambling harm from on-line gambling, including illegal on-line gambling.

What is “legal”?

Before working out what is illegal we need to know what is legal. We understand that in Australia any off-shore gambling provider is not allowed to provide on-line gambling products to an Australian citizen as per IGA (Interactive Gambling Act). Some overseas jurisdictions regard an illegal operator as one that is unlicensed and /or unregulated in the jurisdiction they are operating from.

Legislative and Regulatory Responsibility

The question of regulatory (and legislative) responsibility for gambling continues to be debated in Australia with gambling traditionally a jurisdictional issue. However we wish to emphasise that the initial legislative and regulatory intent for gambling in Australia and indeed many international jurisdictions was to:

1. Keep organised crime out of gambling provision, including minimising the likelihood of proceeds from gambling benefiting criminal organisations and minimising the opportunities for gambling to be used to ‘launder’ the proceeds of crime.
2. Collecting the correct tax revenue.

The AGR believes there is a need for greater regulation of legal on-line wagering businesses in Australia, in addition to action to deal with off-shore wagering businesses that break Australia law. The very nature of on-line gambling means that jurisdictionally based regulation is impossible. Policy, legislative and regulatory responsibility regarding on-line gambling must be taken at the national level. So national level legislation and regulation is needed both to identify legal providers and consequently to assist in identifying illegal operators and responding to them.

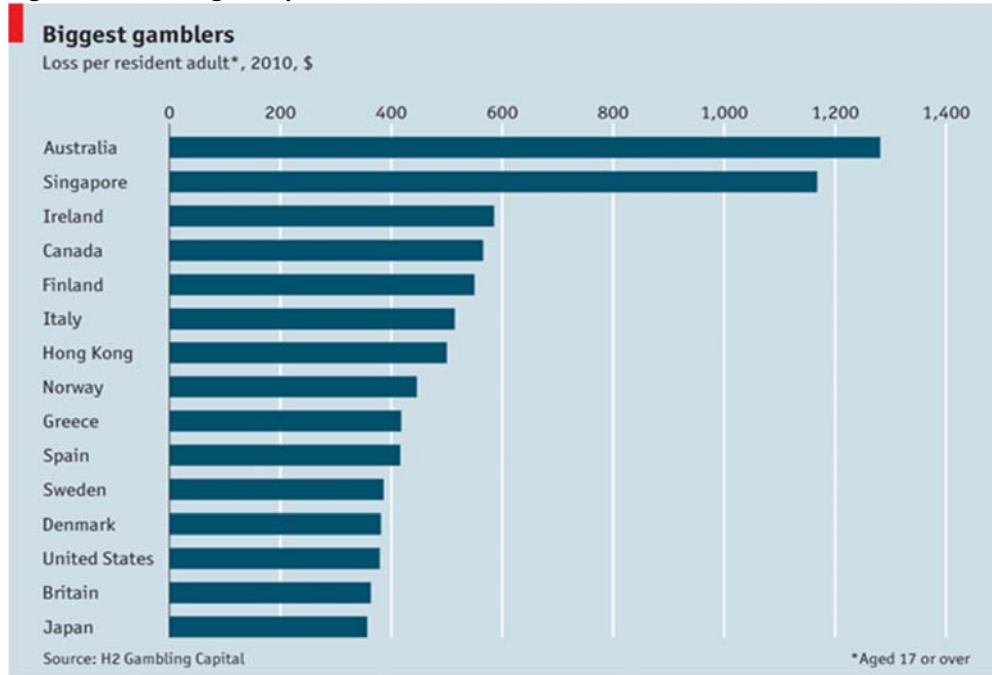
State of Gambling - Global

Much of the available literature suggests that different cultural groups have preferences for different modes of gambling. For example, Asian groups, particularly Vietnamese, Chinese and

Korean, preferred games of chance, such as casino gambling and poker machines (Electronic Gaming Machines). These groups viewed gambling as trying one’s luck’ or ‘seeking a change of fortune. In addition, it was found that 17.9% of the mainstream community in Asian regions displayed a preference for playing pokies while 18.9% of Chinese community and 15% of the Vietnamese community preferred scratch tickets, compared to 31.3% of the general population. There is no doubt that gambling revenue has now become an economic benefit to lower socio-economic countries. According to economists, economic benefits can be considered the lifeline that these countries needed in hard economic times. What these countries failed to see or ignored is the continuing human sacrifice of gambling problems. Even though it is fair to say that people should be able to control their spending, it is not easy if your circumstances are driven by black market operators in which goods or currencies are sold and bought illegally, especially in violation of controls or rationing⁴. Figure 2 below outlines the biggest gamblers on a global basis and the loss per resident adult (2010); proportionally to the population from net spending in the country's legal forms of betting divided by the number of residents over age 17.

Australia leads the world’s biggest gambling losers, yet Macau and Monaco, which derive nearly all of their gambling revenue from gambling, do not make the list. Current research has found that at the same time casino gambling was most popular among Chinese, and Korean⁵ populations. The literature shows that three years ago Singapore had no casinos, whereas today two casinos alone have nearly out grossed the entire combined gambling revenue for the Las Vegas Strip. As a result, most Asian countries are now beginning to embrace Western-style hotel-casino complexes and developers salivate at the prospect of markets opening in India and Japan.

Figure 2: Gambling Loss per Resident Adult



Source: The Economist On-line 2011, 'The biggest losers: Think you know who the world's biggest gamblers are', accessed 25 September 2015, <<http://www.economist.com/blogs/dailychart/2011/05/gambling>>.

⁴ Oxford Dictionary 2015, Black Market, viewed 08 September 2015, <<http://www.oxforddictionaries.com/definition/english/black-market?q=black+market>>.

⁵ Multicultural Gambler’s Help Program 2011, Problem gambling in CALD communities: The evidence base for working with CALD communities, Centre for Culture, Ethnicity & Health, pp.1-10.

In Asian communities, gambling is considered an important aspect of cultural and social events, such as holiday festivities, weddings and birthdays. At other times gambling is a popular social activity at home and in venues such as casinos, and clubs⁶.

Terrestrial and on-line gambling providers continue to also expand into African, South American, Pacific and Eastern European nations as well as the Asian nations who are in the same region of the world as Australia.

Cultural contexts for gambling provision are also important within Australia

On-line gambling

Again we take a 'beyond Australia' focus to show that the basis for internet gambling, legal or illegal is growing globally as internet penetration and smart phone ownership both reach very high levels of penetration, globally. The very high levels of smart phone ownership by young adults is instructive as these are the people most attracted to on-line gambling. Australia has very high levels of internet and smart phone penetration and so is not immune from the global push by on-line gambling providers – of various 'shades of grey' – from the 'dark web' to more legal providers.

Table 1: Selected Age Break Tables for Cell Phone and Smartphone ownership

Cell Phone Ownership by Age					Smartphone Ownership by Age				
	<i>% who own a cell phone</i>				<i>% who own a smartphone</i>				
	18-29	30-49	50+	Oldest-youngest gap	18-29	30-49	50+	Oldest-youngest gap	
	%	%	%		%	%	%		
Philippines	83	77	46	-37	China	69	34	7	-62
Mexico	75	72	38	-37	Lebanon	62	55	14	-48
Indonesia	90	79	55	-35	Jordan	53	35	10	-43
Bolivia	89	86	62	-27	Russia	46	25	7	-39
Malaysia	98	94	72	-26	Malaysia	49	30	11	-38
Argentina	92	92	66	-26	Argentina	50	37	16	-34
Turkey	98	86	75	-23	Venezuela	45	33	11	-34
Brazil	87	87	64	-23	Chile	55	41	22	-33
El Salvador	86	82	66	-20	Turkey	35	13	3	-32
Senegal	86	84	67	-19	Mexico	31	23	7	-24
Tunisia	94	90	76	-18	Nigeria	24	19	1	-23
Nigeria	82	80	64	-18	Tunisia	25	8	3	-22
Pakistan	58	51	40	-18	Brazil	25	17	4	-21
Chile	96	96	81	-15	Ghana	27	8	7	-20
China	99	97	86	-13	S. Africa	34	41	17	-17
S. Africa	94	94	81	-13	Egypt	32	20	15	-17
Lebanon	90	91	77	-13	Bolivia	21	7	4	-17
Ghana	88	76	75	-13	Philippines	24	18	9	-15
Venezuela	88	90	77	-11	Indonesia	18	9	3	-15
Russia	98	98	88	-10	El Salvador	15	12	4	-11
Egypt	92	86	82	-10	Senegal	14	14	7	-7
Uganda	59	62	51	-8	Uganda	7	2	1	-6
Jordan	95	95	92	-3	Pakistan	5	2	1	-4

Based on total sample. Kenya not shown due to insufficient sample size. **Bolded figures** represent significant differences between 18-29 year-olds and 50+.

Source: Spring 2013 Global Attitudes survey. Q67.

PEW RESEARCH CENTER

Based on total sample. Kenya not shown due to insufficient sample size. **Bolded figures** represent significant differences between 18-29 year-olds and 50+.

Source: Spring 2013 Global Attitudes survey. Q68.

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⁶ Wong, J. and Tse, S. 2003, 'The Face of Chinese Migrants' Gambling: A Perspective from New Zealand', *Electronic Journal of Gambling Issues*, vol., no.9, pp.1- 11.

Table 1 above shows selected ages for the average cell phone ownership compared to smartphone ownership and the gap between older and younger users, keeping in mind gambling apps can only be downloaded to a smartphone or selected devices; and there are notable differences between the two.

Combining the newest technology and connectivity with GPS data, gambling companies are now able to determine when customer are near a race-track or sporting venue. This vital information allows gambling companies to offer tailored inducements to known gamblers including problem gamblers, in an effort to encourage them to divert and place a bet. This concept is already in place and being used on targeted people, with dire consequences. For instance, Indonesia has one of the most rapidly emerging digital economies in the world, as its large population is making a mass switch to new technology. The country's urban areas are growing epicentres of mobile gambling hubs⁷. The point here is gambling revenue, the driver behind these company strategies and the ever increasing need for on-line gambling because international industry, focuses on the behaviour and trends for relevant economies.

There would be considerable merit in Australian regulators working closely with Indonesian regulators to work collaboratively to identify illegal operators

The rapidly growing penetration of the platforms necessary of on-line gambling mean that on-line gambling provision will grow rapidly internationally, with exploitation of poorer and less informed people inevitable and also a greater targeting of Australian consumer by providers based in tax and regulation free havens as well as footloose providers able to change location very rapidly.

⁷ Euro-monitor 2015, *Technology, Communications and Media: Indonesia*, accessed 16 September 2015
<<http://www.euromonitor.com/technology-communications-and-media-indonesia/report>>

Section 3: Responses to Terms of Reference

In this section we consider the 4 terms of reference for the review, in the order they have been published.

1. The economic impacts of illegal off-shore wagering and associated financial transactions on legitimate Australian wagering businesses, including size of the illegal industry, growth, organisation and interrelationships with other criminal industries and networks.

Most on-line wagering businesses globally operate without having the necessary national authorisations. It is therefore estimated that 80% of bets placed on the global sports betting market are illegal.⁸

In-house research by the Victorian Responsible Gambling Foundation suggests that the number of on-line off-shore gambling businesses that will accept payment in Australian dollars and in English is 466, which includes those offering poker and on-line gaming machines.⁹ There were only 66 websites offering off-shore wagering in Australian dollars and in English, of which 24 were businesses licenced in Australia.¹⁰

It should be noted that the 2010 figure used by the Department of Broadband, Communications and Digital Economy of \$1 billion being lost on off-shore gambling sites included all forms of on-line gambling, not just wagering.¹¹ Further, the source of the estimate appears to have been Global and Betting Gaming Consultants (as cited by Sally Gainsbury and Alex Blaszczynski), which is a company providing consultancy services to the gambling industry, and from bet365. The basis of these estimates has not been provided, and there can be no public scrutiny of the methodology used to produce the estimate.¹² The figure should therefore be treated with considerable caution.

The French Institut des relations internationales et stratégiques (IRIS) estimated that in 2012 the legal global wagering market was around €60 billion, with a payout rate on average of 80%, making a revenue of €12 billion for the legal operators. By comparison, the IRIS found the global illegal wagering market to be between €75 billion and €300 billion of bets in 2012, with a return to gambler of between 96% and 99%, resulting in global revenues of between €0.75 billion and €12 billion.¹³ The payout rate of illegal on-line wagering businesses is generally higher than the legal businesses, which is part of what makes the illegal businesses attractive to gamblers.¹⁴

In the Asian region many of the large off-shore wagering businesses, such as SBOBet, IBCBet and 188Bet are located in the province of Cagayan in the Philippines. The Asian betting market has a greater reliance on credit betting; very high volumes, particularly in live betting; very low margins and thus high payout rates (sometimes very close to 100%); bets on large numbers of minor football leagues; and winnings paid in a matter of hours when compared to the European market.¹⁵

⁸ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 13.

⁹ Victorian Responsible Gambling Foundation, Gambling Information Resource Office, 'Offshore on-line wagering – what do we know?', 2015, p. 1.

¹⁰ Victorian Responsible Gambling Foundation, Gambling Information Resource Office, 'Offshore on-line wagering – what do we know?', 2015, p. 1.

¹¹ Victorian Responsible Gambling Foundation, Gambling Information Resource Office, 'Offshore on-line wagering – what do we know?', 2015, p. 1.

¹² Victorian Responsible Gambling Foundation, Gambling Information Resource Office, 'Offshore on-line wagering – what do we know?', 2015, p. 2.

¹³ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 74.

¹⁴ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 75.

¹⁵ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 78.

Ironically, some of the key jurisdictions that facilitate on-line wagering businesses, such as Costa Rica and Cagayan Province in the Philippines, do not allow the businesses they licence to accept bets from their own nationals, given the risks associated with on-line wagering.¹⁶

Like all illegal activities, no set of measures can be introduced to completely eliminate illegal wagering on-line, but its prevalence can be curbed. The IRIS have assessed that targeting uncooperative on-line wagering sites and working with financial institutions to prevent illegal on-line wagering can significantly reduce illegal betting.¹⁷ They point out that the findings of the Sorbonne-ICSS research programme have found there is no direct correlation between the degree to which sports betting is restricted and the value of the illegal market in a given jurisdiction. For example, Italy which has adopted a very liberal sports betting policy has more than a third of all bets placed illegally.¹⁸

The Problem of Money Laundering

Money laundering through on-line wagering businesses, both in Australia and off-shore, is a major issue that needs to be part of the regulatory response to on-line wagering businesses.

Before 1990, in most major countries around the world, sports betting was banned or operated by a monopoly in the form of Tote betting. Payout rates remained low, generally ranging between 40% and 60%, and therefore almost never led to money laundering. Money laundering is generally attractive where at least 60-70% of the illegally sourced money can be recovered in a form that makes it appear to have had a legal source, in this case sports-betting winnings.¹⁹

The only countries where the issue of money laundering through sports betting was likely to arise was the UK and Ireland, which legalised fixed odds betting on sporting competitions in the 1960s, and Sweden, which joined them in 1986. However, before 2000, payout rates also remained below 75%, mainly because taxes on betting were much higher than they are now. In the UK, bookmakers had to pay a 6.75% tax on amounts wagered whereas, since 6 October 2001, the tax on sports betting has been 15% of gross gambling revenue.²⁰

However, from the mid-1990s there was an explosion in the number of on-line wagering businesses globally, estimated to have reached 8,000 operators by 2002.²¹ This occurred with an influx of private shareholders whose background and potential ties to organised crime are difficult to determine, owing to the opacity of business structures. In many cases, there is no way to ascertain the true owners of businesses based in secrecy jurisdictions²² such as the province of Cagayan in the

¹⁶ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 79.

¹⁷ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 80.

¹⁸ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 80.

¹⁹ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, pp. 42-43.

²⁰ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 43.

²¹ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 44.

²² While many 'secrecy jurisdictions' are also defined as 'tax havens', the definitions of the two are different. The Australian Taxation Office is now also using the language of 'secrecy jurisdictions', and has indicated a particular focus on Vanuatu, Liechtenstein, Switzerland, Panama, Samoa and the Channel Islands.

The Tax Justice Network defines of a secrecy jurisdiction in three parts. Firstly, secrecy jurisdictions are places that intentionally create regulation for the primary benefit and use of those not resident in their geographical domain. It must deliberately create laws that wholly or mainly relates to activities that take place 'elsewhere' as far as it is concerned. Secondly, a secrecy jurisdiction deliberately designs the regulation they create for use by people who do not live in their territories so that it undermines the legislation or regulation of another jurisdiction.

Thirdly, the secrecy jurisdiction creates a deliberate, legally backed veil of secrecy that ensures those from outside the jurisdiction making use of its regulation cannot be identified to be doing so. While all three of these characteristics must be present for a state to be considered a secrecy jurisdiction, this third characteristic is the most important.

Philippines, Costa Rica and the Isle of Man.²³ More than 80% of on-line wagering businesses are officially located in secrecy jurisdictions (although they may actually be conducting their business from another jurisdiction) where wagering revenue is minimally taxed and poorly regulated.²⁴ The Seychelles is reported to offer immunity from prosecution to foreign businessmen who invest at least US\$10 million in the jurisdiction.²⁵

The on-line sports betting world has also moved from being dominated by tote betting (except in the UK, Ireland, Nevada and several countries such as South Africa and Sweden), in the space of 15 years, fixed odds betting has taken a near monopoly and now accounts for close to 90% of the market.²⁶

Payout rates have dramatically increased over the last 20 years, making on-line sports betting highly attractive as a means of money laundering, due to the high recovery of funds. Betfair offers payout rates of more than 99%. Examples of the payout rates offered by other major on-line wagering businesses in 2012 are listed in Table 2.

Table 2. Payout rates for major on-line wagering businesses.²⁷

Operator	William Hill	Ladbrokes	Unibet	Bwin	Sportingbet	Bet365
2012 payout rate	92.1%	93%	93%	93.1%	93.8%	95.6%

As examples of the techniques that can be used to launder money through on-line wagering businesses two examples are the Hawks martingale and arbitrage. With the Hawks martingale the gambler/lauderer increases their bets on the basis of a geometric progression. A launderer who bets on the winner of the next point in a tennis match can use this technique, systematically betting on the favourite to increase the likelihood of a win. The strategy yields decent results as long as the gambler/lauderer knows when to stop.²⁸

Using arbitrage in the on-line sports wagering business involves placing bets with different on-line businesses across each outcome of a sporting event. The launderer compares the odds of the different on-line businesses, often using a comparison site. The launderer identifies the on-line business offering the best odds for each outcome. So in a match between Teams A and B, company A offers the best odds for Team A winning, and company C offers the best odds for Team B winning and business D offers the best odds for a draw. The launderer (or their agents) then splits the bets between businesses A, C and D in proportions that ensure as close to 100% return no matter what the outcome of the match between teams A and B is. In the UK, it has been discovered that certain major arbitrageurs, who were permanently connected to the on-line sports betting market, were using large numbers of 'employees' tasked with placing bets on their behalf, to avoid detection.²⁹ Returns on arbitrage are typically 100% to 102%, and hardly ever above 105%.³⁰

As an example of a professional gambler who assisted criminals in laundering their funds, there is Jatinder Singh Batth was a UK gambler.³¹ He was ordered to pay back nearly £2 million by Her

²³ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 44.

²⁴ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 44.

²⁵ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 47.

²⁶ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 45.

²⁷ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 45.

²⁸ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, pp. 53-54.

²⁹ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 55.

³⁰ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 55.

³¹ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 46.

Majesty's Revenue and Customs, which oversees tax collection. Known in betting clubs as Micky Singh, he allegedly gambled £100 million in six years. In just one weekend, it was reported he staked £11 million and bet £100,000 on a football World Cup match. He was sentenced to 18 months in prison in 2009 by the Birmingham Court for money laundering.³²

By definition people engaged in money laundering expect to lose a small part of their criminal funds in the laundering process, making them attractive customers for on-line wagering businesses. Even in countries with strong oversight, few betting operators have implemented proven control procedures, as market share is their top priority in a competitive market.³³ The ability to place bets with on-line wagering businesses in multiple countries with multiple bank accounts can make it next to impossible for law enforcement to monitor transnational betting flows.³⁴

The location of off-shore on-line wagering businesses in secrecy jurisdictions, which often have low regulation or very poor enforcement of existing regulations, opens up the very high likelihood of some of these businesses being run by criminals for the purposes of laundering funds.³⁵ In such a case the criminal would want the on-line wagering business to operate as legitimately as possible in its dealings with customers, so as not to draw attention to itself. It then slips the criminally obtained money into its stream of legitimate profits.³⁶

In such an operation the criminals controlling the on-line wagering businesses arrange to have accomplices gamble money on the site, preferably from outside the jurisdiction the wagering business is located in. The accomplices lose the money by, for example, gambling on long shot sporting events and outcomes. For the operator, the losses are now legitimate profits of the on-line wagering business and it is unlikely local authorities will look too closely, particularly if the bets have been placed from abroad.³⁷ An example of this sort of arrangement is the case of the Giordano crime family, which laundered money through www.playwithal.com, a site that had approximately 40,000 customer accounts. The father ran the company; his son-in-law handled administrative matters, including accounting; and his wife and daughter looked after financial matters, and the money laundering in particular. Five people collected bets, redistributed them and served as enforcers for the entire system.³⁸

In another example, the US Uvari network took advantage of its position as an intermediary between gamblers and illegal wagering sites to launder money. The network opened dummy accounts, using names of members of the Uvari criminal network, for gamblers who wished to remain anonymous. Losses were recorded in the name of members of the criminal network and used to conceal proceeds of crime and tax evasion.³⁹

In the Bochum case a European criminal network was convicted of criminal offences and had been able to launder their proceeds of crime, in part, through match-fixing. The trial of this case showed that this network had infiltrated the on-line betting site Samvo, licensed in Alderney, Curacao and the UK, so that it could bet very large amounts of criminal funds without arousing suspicion.⁴⁰

³² Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 46.

³³ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 47.

³⁴ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 47.

³⁵ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 64.

³⁶ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 64.

³⁷ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 64.

³⁸ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 65.

³⁹ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 65.

⁴⁰ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 65.

In October 2012, the Israeli police took action against a large underground gambling network that included the on-line wagering site Don-Bet. The site offered sports and horse-racing bets as well as blackjack. According to the police, several million dollars were laundered through this network.⁴¹

Corruption in Sport

Sports betting also opens up an incentive for corruption in sport, where bribes are paid to officials, an umpire or players to influence the outcome of a sporting event. As an example, in May 2013 three Indian cricket players were arrested for spot fixing.⁴² In Finland, two former officials of the Tampere football club were accused of money laundering and were given six month suspended sentences. They had accepted US\$390,000 between 2010 and 2011 from the company Exclusive Sport, owned by Singaporean criminal Wilson Raj Perumal; the funds were obtained by rigging international matches.⁴³

Concerns about the Jurisdictions licencing on-line wagering businesses

There are strong reasons to be concerned about many of the jurisdictions that have specialised in licensing off-shore on-line wagering businesses. This points to the inability countries like Australia would have in negotiating directly with these jurisdictions about improving regulation and oversight of on-line wagering businesses located in their jurisdiction. Instead, it would be more fruitful for Australia to combine its efforts with other jurisdictions impacted by illegal on-line wagering businesses, such as the US, to pressure these jurisdictions to take the appropriate regulatory action. Such efforts have had impacts on secrecy jurisdictions, as demonstrated by the improvements of the secrecy scores assessed for these jurisdictions by the Tax Justice Network in their Financial Secrecy Index from 2011, 2013 and 2015.

Antigua and Barbuda

In 1994 Antigua became the first jurisdiction to grant licences to on-line gambling businesses. Antigua's share of the on-line global gambling market fell from 59% in 2000 to 7% in 2007. In Antigua and Barbuda on-line gambling businesses are classified as financial institutions.⁴⁴

Antigua and Barbuda are rated amongst the worst jurisdictions in the world for secrecy around financial dealings and failure to cooperate with foreign law enforcement to combat crimes such as money laundering, scoring a secrecy score of 81 out of 100 (the higher the score the worse the jurisdiction is) in the 2015 Financial Secrecy Index.⁴⁵

Antigua and Barbuda do provide a list of existing off-shore gambling licences that they have granted.⁴⁶

The fees charged by Angitua and Barbuda for an on-line gambling licence are outlined below:⁴⁷

Due Diligence (as stipulated above in section 4.1)	\$15,000.00 US dollars (non-refundable)
Interactive Gaming Licence Fee	\$100,000.00US dollars (per annum)
Interactive Wagering Licence	Fee \$75,000.00US dollars (per annum)
Annual Renewal fee for each Licence	\$5,000.00US dollars (non-refundable)

⁴¹ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, pp. 77-78.

⁴² Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 57.

⁴³ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 57.

⁴⁴ Christian Kalb and Pim Verschuuren, 'Money Laundering: the Latest Threat to Sports Betting', IRIS, 2013, p. 84.

⁴⁵ <http://www.financialsecrecyindex.com/PDF/AntiguaBarbuda.pdf>

⁴⁶ <http://www.antiguagaming.gov.ag/licensees%20active.asp>

⁴⁷ http://www.antiguagaming.gov.ag/files/Application_forms/G017%20Licencing.pdf, p. 6.

Key Person Licence Fees	1st year - \$1,000.00US dollars 2nd Year/and there onwards - \$250.00US dollars
Reserve Requirement (as stipulated below in section 5.3)	\$100,000.00US dollars (minimum)
Monitoring System Fee (as stipulated below in section 5.5)	For One Licence - \$25,000.00US dollars (per annum) For Two Licences - \$45,000.00US dollars (per annum)

Like most off-shore centres for on-line wagering businesses, these fees are likely to be trivial compared to the amount of business done by the on-line business.

The 2013 Financial Action Task Force (FATF) assessment of Antigua’s compliance with global anti-money laundering standards found concerning deficiencies. For example, Antigua exempts operators from reporting suspicious transactions under US\$25,000 and does not require a close examination of suspicious transactions. In cases requiring that documents concerning the identity of the client base and the transactions carried out be recorded and retained, financial institutions (which include on-line betting and gambling operators) are under no obligation to make these records available to the competent authority, further reducing the possibilities for monitoring and investigation.⁴⁸

Similarly, there is no suspicious transaction reporting requirement with respect to a gambler who presents a money-laundering risk or regarding the accuracy of any identification documents.⁴⁹

In terms of measures to reduce the harm to gamblers using the on-line gambling business, the Antigua and Barbuda authorities require:⁵⁰

When proposing to establish a gaming company in the jurisdiction of Antigua, it is imperative that the applicant outlines as far as permissible at this stage, how the company intends to prohibit underage players from accessing its product. The applicant must be cognizant of our prohibition of advertising which is pornographic, offensive, misleading or appealing to minors. It is also an offence under regulation 4 (2) to permit problematic/pathological gambling or wagering to occur. Therefore an outline of how a player’s gambling activities will be monitored will have to be provided.

However, we are unaware of any evaluation to test how well these requirements are implemented or enforced.

2. International regulatory regimes or other measures that could be applied in the Australian context.

The Department of Broadband, Communications and the Digital Economy ‘Review of the *Interactive Gambling Act 2001*’, highlighted the advantages of modifying the *Interactive Gambling Act* to make it a strict liability offence for off-shore on-line gambling businesses to take bets from Australians. This would make a criminal prosecution for accepting a bet from an Australian easier and would be

⁴⁸ Christian Kalb and Pim Verschuuren, ‘Money Laundering: the Latest Threat to Sports Betting’, IRIS, 2013, p. 85.

⁴⁹ Christian Kalb and Pim Verschuuren, ‘Money Laundering: the Latest Threat to Sports Betting’, IRIS, 2013, p. 85.

⁵⁰ http://www.antiguagaming.gov.ag/files/Application_forms/G017%20Licencing.pdf, p. 8.

likely to cause some off-shore gambling businesses to introduce additional measures to stop Australians gambling on their sites.⁵¹

The Departmental review also suggested that enforcement of the provisions of the *Interactive Gambling Act* could be improved by the introduction of civil offences and penalty provisions to be enforced by the ACMA. Civil offences have a lower standard of proof than criminal offences, and may, therefore, be more readily enforced by authorities.⁵²

The Department also proposed that the civil penalty provisions be supplemented by provisions expressly allowing the regulator or enforcement body (such as the ACMA) to seek injunctive relief from the Federal Court for contravention of the civil penalty provisions. This would provide clarity to the scheme and certainty for the ACMA in exercising its powers.⁵³

ISP Access Disruption

Section 313 of the *Telecommunications Act* should be used to require Australian ISPs to disrupt access to off-shore wagering sites. An Australian trying to access the sites on the list would get a 'stop' message informing them that the site is breaking Australian law and redirecting them to Australian licensed sites. Such a pop up could explain the risks of gambling on-line and offer a help-line phone number for those gamblers who believe they may have a problem. The 'stop' message could also include links to other sites that might provide information about on-line gambling and further information for those seeking help with a gambling problem. Thus, access disruption can be used as an educative tool for on-line gamblers at the very point they are seeking to access the gambling activity. This educative tool would not require the cooperation of the off-shore on-line gambling provider. The International Telecommunications Union highlighted the educative value of block pages, although the specific reference is when a list is used by ISPs to disrupt the commercial child sexual abuse industry on-line:⁵⁴

When a site is blocked, a STOP page should be displayed to the user. This STOP page has the dual function of giving information as to the reason the site was blocked (illegality of content) plus acting as a prevention vehicle that reminds the user/ consumer of the illegal nature of the material, as well as the presence of law enforcement agencies on-line.

This mechanism is already used to require Australian ISPs to disrupt access to domains on the INTERPOL 'worst of the worst' list of child sexual abuse domains. Similarly, the UK Internet Watch Foundation maintains a 'blacklist' of on-line child sexual abuse sites. During 2010 there were a total of 14,602 webpages that featured on the UK Internet Watch Foundation blocking list of live child sexual abuse content. In 2011 this number decreased to 12,966 URLs, hosted in 39 countries.⁵⁵ An average of 59 webpages were added to the list each day in 2010, 45 new URLs were added each day in 2011 and 37 new URLs were added each day in 2012, reflecting the speed at which child sexual abuse content moves on-line location.⁵⁶ This would not be the case for on-line wagering sites located off-shore as changing url to avoid Australian disruption would risk losing many of their foreign customers. The webpage blocking list now typically contains 580 URLs at any one time, down from

⁵¹ Department of Broadband, Communications and the Digital Economy 'Review of the *Interactive Gambling Act 2001*', 2012, p. 66.

⁵² Department of Broadband, Communications and the Digital Economy 'Review of the *Interactive Gambling Act 2001*', 2012, pp. 66–67.

⁵³ Department of Broadband, Communications and the Digital Economy 'Review of the *Interactive Gambling Act 2001*', 2012, p. 67.

⁵⁴ International Telecommunications Union, 'Guidelines for Policy Makers on Child On-line Protection', 2009, p. 29.

⁵⁵ Internet Watch Foundation, '2011 Annual and Charity Report', pp. 12-13.

⁵⁶ Internet Watch Foundation, '2010 Annual and Charity Report', p. 4; Internet Watch Foundation, '2011 Annual and Charity Report', p. 17; and Internet Watch Foundation, 'Internet Watch Foundation Annual and Charity Report 2012', p. 21.

1,200 in 2008.⁵⁷ They update their list twice a day.⁵⁸ The Internet Watch Foundation report their entire operation ran on a budget of just £1 million (\$1.5 million) per annum between 2009 and 2011.⁵⁹ Thus the costs of adding illegal off-shore wagering businesses to a disruption list to be used by ISPs would not be costly to do.

The Internet Watch Foundation reported that in 2011 and 2012 it did not receive a single complaint from content owners concerned that they had included in their URL list legitimate content.⁶⁰ This demonstrates that it possible to maintain a highly dynamic block list without legitimate content being mistakenly placed on the list.

The Israeli Police, Tax Authority and State Prosecutor's Office have attempted to combat on-line gambling through the use of injunctions on ISPs to block ready access to on-line gambling sites.⁶¹

It is reported that Italy, Estonia and France have all implemented versions of ISP access disruption to internet gambling operators.⁶² In August 2010, the French Tribunal de Grande Instance de Paris ordered ISPs to block ready access to unlicensed on-line gambling sites or face a daily fine of €10,000.⁶³

ISP level action is access disruption, as determined users are able to circumvent the block, usually by moving to a foreign ISP either directly or through a proxy site. The foreign ISP will not be required to block ready access to the gambling sites for Australian clients. However, ISP access disruption will deter many gamblers from gambling on off-shore wagering sites illegally accepting bets from Australians.

Take Down Notices

Legislative change could be made to allow the ACMA to have the ability to issue take-down notices to providers hosting illegal on-line wagering sites. This was raised as a possibility by the Department of Broadband, Communication and the Digital Economy in their review of the *Interactive Gambling Act*. The Department noted the approach could be modelled on sections in the *Spam Act 2003* that provide for the granting of performance and interim injunctions by the Federal Court on application by the ACMA in relation to contravention of civil penalty provisions.⁶⁴

Penalties for Support Services

The Department of Broadband, Communication and the Digital Economy review of the *Interactive Gambling Act* considered enforceable penalties for services that support the provision of illegal on-line gambling in Australia.⁶⁵

⁵⁷ Internet Watch Foundation, '2011 Annual and Charity Report', p. 17; and Internet Watch Foundation, 'Internet Watch Foundation Annual and Charity Report 2012', p. 21.

⁵⁸ Internet Watch Foundation, '2010 Annual and Charity Report', p. 4.

⁵⁹ Internet Watch Foundation, '2010 Annual and Charity Report', p. 16; and Internet Watch Foundation, '2011 Annual and Charity Report', p. 22.

⁶⁰ Internet Watch Foundation, '2011 Annual and Charity Report', p. 20; and Internet Watch Foundation, 'Internet Watch Foundation Annual and Charity Report 2012', p. 21.

⁶¹ Eitay Har Or, "police bar access to on-line gambling sites", <http://www.ynetnews.com/articles/0,7340,L-3938596,00.html>, 21 August 2010.

⁶² Joan Peppin, "On-line Gambling Problems in Scandinavia", <http://www.casinoadvr.com/>, 21 February 2011.

⁶³ Jared Moya, "French Court: ISPs Must Block Unlicensed Gambling Sites", <http://www.zeropaid.com/> 16 August 2010.

⁶⁴ Department of Broadband, Communications and the Digital Economy 'Review of the *Interactive Gambling Act 2001*', 2012, p. 67.

⁶⁵ Department of Broadband, Communications and the Digital Economy 'Review of the *Interactive Gambling Act 2001*', 2012, p. 68.

3. What other technological and legislative options are available to mitigate the costs of illegal off-shore wagering;

We commence by considering current on-line gambling regulatory approaches regarding the approaches to exist on a continuum, from prohibition to free market:

Prohibition of most or all forms of on-line gambling, including:

Bermuda, Cambodia, China, Cuba, Germany, Greece, India, Malaysia, Romania, South Africa, and the Ukraine.

Ban on-line gambling by virtue of their ban on all forms of gambling (predominantly Islamic), including:

Afghanistan, Algeria, Bangladesh, Bhutan, Indonesia, Iran, Jordan, Libya, Mali, Oman, Pakistan, Qatar, Saudi Arabia, Somalia, Sudan, Syria, United Arab Emirates, and Yemen.

Allow certain forms (most typically on-line lotteries, instant lotteries, sports betting, horse racing) and make other forms illegal (most typically, casino games) including:

Australia, Belgium, Brazil, Canadian provinces, Chile, Czech Republic, Denmark, Finland, France, Hong Kong, Hungary, Iceland, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Macau, the Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Singapore, Slovenia, South Korea, Sweden, Switzerland, Taiwan, and the United States.

Allow participation in on-line gambling from domestic sites, but prohibit residents from accessing on-line gambling outside the country, including:

Austria, Belgium, Denmark, Estonia, France, Germany, Hong Kong, Hungary, Israel, Italy, Norway, Slovenia, South Korea, and the United States.

Restrict use of domestic on-line sites to residents only including:

Austria, Canadian provinces, Finland, the Philippines.

Permit on-line gambling, but prohibit their own residents from accessing these sites, including: Australia for on-line casinos, Malta, Papua New Guinea

No specific legislation, including:

Many Central and South American countries and several African and Asian countries

Completely legalized, or at least permit, all forms of on-line gambling, including:

Antigua and Barbuda, Austria, Gibraltar, Liechtenstein, Netherland Antilles, Panama, the Philippines, Slovakia, and the United Kingdom.

(This analysis adapted from Williams, Wood and Parke)

Many countries have changed their regulations. For example, some countries with prohibitionist stances have subsequently legalized on-line gambling or have indicated an intent to legalize it (e.g., Greece, Romania). Other countries that previously had legal on-line gambling have subsequently opted for a more prohibitionist stance (e.g., Cyprus, Germany, Poland, Russia, South Africa).

Part of these changing policy settings are driven by legal challenges to restrictive gambling laws that interfere with the free flow of goods and services. In particular, the European Commission has pressured several countries that provide monopolistic on-line gambling to open their borders to competition to other member states in the European Economic Area

The World Trade Organization has taken similar action against the United States. This diversity of legal approaches to Internet gambling is reflective of the lack of consensus about the appropriate legal stance that should be taken.

Australia currently sits 'in the middle' of the legal – illegal spectrum for on-line gambling policy.

We observe that there are three broad approaches to on-line gambling regulation:

1. using banking / financial institutions legislation to block or restrict the movement of money
2. using telecommunications to limit ISP's, broadcasting and other platform for gambling related approaches
3. enacting consumer protection measures, for example direct controls through gambling specific legislation, eg the IGA or more general consumer protection legislation, eg Australian Consumer Law.

We suggest that a combination of all three legislative strands is most likely to be effective, given the complexity and global reach of illegal on-line gambling.

This summary also highlights the diversity of approaches from around the world, there does not yet appear to be an emerging regulatory consensus, so Australia must make the policy decisions that best suit prevailing domestic attitudes and consumer risk.

4. The efficacy of approaches to protect the consumer – including warnings, information resources, public information campaigns and any other measures, regulatory or otherwise, that could mitigate the risk of negative social impacts on consumers.

We consider that to best answer questions about illegal operators, we need to first understand the current state of play for 'legal' operators. Once we have established effective practice for what is known, we argue that it is then the task of applying these consumer protection measures, unilaterally, including to 'illegal sites.'

To help answer the questions pertaining to effective consumer protection measures for Australia to implement, we believe that considering adequacy of current Australian protections against better practice overseas experience is essential. We sought advice from "Gambling Integrity" who are UK based, they have provided a report to the Alliance.

Their report includes the following (in italics):

1.0 Benchmarking

We undertook benchmarking research to evaluate companies and regulators against a range of basic requirements for player protection. We have evaluated the effectiveness of UK and Australian regulation by looking at a) the web site offerings of licensed and established internet gambling companies in both countries and b) regulation in Australia, UK and for wider comparison, Italy and New Jersey.

2.0 Our research into current practice over player protection

We evaluated three operators in total: two companies licensed in both UK and Australia. The third operator was licensed only in Australia. Of the operators that were licensed in both countries, for one of them we also looked specifically at the protections on an iPad application as this is a particularly popular mode of gambling nowadays.

Methodology for the research

Our evaluation criteria for both the standards provided by the operators themselves and various jurisdictional regulations on player protection have been developed through our analysis of internet gambling regulations around the world, our partnership with the NCPG in the USA as their auditor for on-line companies seeking to gain accreditation for player protection and our own work in regularly benchmarking (through mystery shopping) the top 30 global operators. They are drawn from existing international codes, empirical evidence and feedback from experts in the field including regulators, researchers and clinicians.

The criteria cover the existence of the tools that can be assessed and used by the player and protection is automatically provided by the operator.

*The first topic is **spend management** whereby the customer is offered various limits on how much money they wish to deposit. This is nuanced according to the length of time these limits can be applied. The different products or games that they can be applied to as opposed to generic limit. The ability to make the limit more restrictive.*

*The second topic is **access restriction**: providing the player with the ability to restrict their ability to gamble. This should be possible through taking a time out or excluding oneself completely from play. Exclusion is different to simple account closure as it implies that the reason for exclusion is connected with the experiencing difficulties in controlling gambling urges.*

*The third topic is providing **awareness** to the player through information education or simple awareness measures relating to time spent on the site.*

*The fourth topic is **strategic intent** and this signifies the willingness of the operator to provide links to Independent complaints services or accreditation certificates thereby demonstrating their willingness to go beyond what compliance with regulation requires.*

Findings - Operators

COMPANY A is regulated in the UK and in Australia and has a proven reputation for player protection and social responsibility. It has recently been subject to scrutiny by the UK regulator and been for poor controls on player protection and anti-money laundering controls. This company scored better in UK Learning Australia which we ascribe to more demanding regulatory requirements in the UK. In both countries Player protection functions were difficult to find and implement which given the company's stance on player protection is hardly surprising but this also indicates a lack of willingness to specify minimum standards for play protection on the part of the regulator.

*For **Spend Management**: Deposit Limits - Finding all RG functions is not straightforward. They are not directly under the RG tab in 'Services' - you have to go to Services, then Members, then My Account and finally Responsible Gambling Controls! However, on mobile the path is faster - Members, then Responsible Gambling Controls. A reasonable range of time limits - day, week, and month is available. It was not possible to set limits on specific types of product. Good practice would be for Increases size of limit to take 7 days, but UK regulation requires only 24 hours which is what they provide*

*In terms of **Access Restriction** regulation requires the basic provisions in both countries. However, in the UK this operator offered very little options. Good practice would see the provision of a click to call but this was not available in either country or specified as a requirement of regulation. Only in the UK was it possible to exclude from certain types of product. This facility is important as gamblers*

developing problems tell us in focus groups that they would prefer the ability to choose as they are aware of which products are causing them difficulties. The company perform better in Australia than in the UK as permanent exclusions was worded Account closure in the UK this is poor practice as self-exclusion status should trigger various provisions for gamblers in terms of restricting marketing and the provision of information on health services.

However, finding self-exclusion options was very difficult: these are the verbatim instructions from the site: "You can self-exclude your account in the Responsible Gambling Controls section of Members. This is located under the Services menu when logged in to your account, then Members, My Account, select Responsible Gambling Controls and choose Self-Exclusion. Alternatively you can contact the Customer Service team for assistance and further information."

On **Awareness** 'Responsible Gambling' is at the bottom of the screen, a grey link in small type on a dark grey back ground, as item 6 on a list after terms and conditions and before technical issues. It opens up a series of pages with information on, about SE, limits etc. The tone of voice is technical and off-putting.

The company did not offer players warnings by means of pop-up or other messaging tools if they were nearly reaching their predetermined limits.

For reality checks regulators do not require timers to be available, so in no country was anything more than o'clock available. This was absent on mobile platforms altogether. No account history was available as this was not made mandatory by regulators on mobile platforms. Account history was available on the static platform, but not by means of a cumulative tally of current account balances. In neither country were links to treatment provided other than through the self-exclusion pages' recommendation. And no text warning about the potential addictive harm of gambling was to be seen.

On **Strategic Intent** they provided no link to independent complaints services or indeed had information on internal procedures recommendation. People developing gambling problems often feel the need to complain about the fairness of an event or games this is a manifestation of the first signs of a gambling problem developing. Such customers should be closely monitored and offered responsible gambling information.

In the UK the company complies with regulation and provides links to 'Gambleaware' the information site.

Scores: UK Sportsbook + Casino: 112 / 270 = 41%
Australian Sportsbook: 84/270 = 31%

COMPANY B was measured in the UK for its sports book and casino website and also iPad platform which offers peer-to-peer exchange betting and casino games. The UK website scored better than the iPad platform as more functionality is available on this static platform and it is easier to find. There is a well-designed microsite with information, and a range of self-assessment and information tools. But these tools are placed in a separate area, called 'Player Protection', and not integrated into 'My Account' or the overall user experience in a more seamless and useful way.

For **Spend Management**: There is good functionality on both the main website and the iPad app for setting deposit limits, including deposit limits by product type. However these tools are not easy to

find on the iPad app as they are placed under a 'Player Protection' option on the account menu. It may not be obvious to customers that this is where they find account control tools.

Access Restriction: This operator also provided a range of time out options, including time out by product. This is particularly useful where customers may wish to exclude themselves from 'riskier' products such as slots, but not from their usual sports bets. However time out was only available as blocks of time, and not for any other preferred set of intervals (e.g. time of day). Information was more limited on the iPad application: no help number was apparent for customer wishing to call to set exclusions.

For **Awareness**, whilst there are good limit setting tools, there is limited awareness built into the overall site experience of the fact that limits on play have been set. In terms of reality checks, some clocks were available within the casino on the main site, but these were just "hh:mm" format and gave no real sense of the amount of time passing or being spent on the site. There was however good information on under age play restriction and the policies in place to identify minors.

On **Strategic Intent**, this company does display the GamCare logo, to show that it has been accredited, but does not give details of what the accreditation entails. On the iPad app this information was difficult to see, overall this information was buried at the bottom of the home page and not highlighted.

Scores: UK Sportsbook + Casino website: 132 / 270 = 49%
UK Betting + Casino iPad app: 117/270 = 43%

COMPANY C is regulated only in Northern Territories Australia. Analysis of this company highlights an issue that should be addressed, that of consistent and accessible player terminology. It is confusing to players that companies use different terms such as 'Responsible Gambling', 'Player Protection' and in the case of Company C 'Pre-Commitment! This term is used to cover financial limit setting. We do not think that this phrase will have any resonance with customers.

On **Access Restriction** there are no time-out options. Self-exclusion can only be achieved by calling the company Helpdesk. Poor performance on every other front with the exception of account history information available. There is live chat available but, unlike best practice for live chat, a number of pieces of security information must be provided in the chat window before you are able to engage with an operator. This further restricts the likelihood of a player reaching out for help when needed.

On **awareness** starts off well with Responsible Gambling as an option across the top of the screen, and when you click on this there are a lot of reassuring-looking links to helpful organizations. And info available in multiple languages. You get the impression that they might care a bit. But, when you actually try and find ways of protecting yourself and limiting play, it's difficult and patchy. You need to understand that the term 'Pre-commitment' covers deposit limits and loss limits.

Score: Australian sportsbook: 81/270 = 30%

Social media advertising: All three operators have both Facebook pages and one or more twitter accounts. Their Facebook pages have very limited to no information about responsible gambling or gambling addiction. Their twitter accounts may say that followers have to be 18+, but there is no way of validating this. Given that the demographic most at risk from gambling harm (men aged 16-30) are also those most likely to be regular users of these social media channels, we recommend that careful consideration be given to adequate policing of the impact of this type of advertising.

3.0 Our research into a sample of current regulation

We have judged the competence of regulators in protecting players through the requirements they have of operators. To this end we evaluated published regulations and determined the extent to which they demand certain basic requirements such as having policies and procedures to combat problem gambling, ensuring staff are trained adequately in dealing with potential problem gamblers, and that basic protections are made available on the operators' websites. We have only selected a few criteria for the sake of brevity and have drawn these from the NCPG Internet Responsible Gaming Standards⁶⁶. We contrast Northern Territories Australia with Italy, UK and New Jersey as example jurisdictions with active on-line markets comprising licensed operators.

Italy⁶⁷

STANDARD	Requirement in regulation that operators:	
POLICY provision	Articulate a policy commitment to responsible gambling	no
	Provide funding for problem gambling treatment and research	no
	Senior staff to implement problem gambling policies & procedures	no
TRAINING	Customer contact staff trained in RG & handling distress	no
INFORMED DECISION-MAKING	Display practical tips to stay within safe limits & handle myths	yes
	Display information on how to use responsible gambling tools	yes
	Display information on the risks associated with gambling	yes
	Display information on signs of potential gambling problem	yes
	Provide information on play	yes
	Provide limit setting on spend an time	yes
	Stops play when a patron reaches his or her established limits	no
	Provides time-out	no
ASSISTING PLAYERS	Policies and procedures for handling distressed players	no
	Policies and procedures for reporting by concerned third parties	no
	Staff knowledgeable about handling customer RG enquiries	no

Italy makes no demands at all in the policy domain, nor or the player assistance domain, while only articulating a few on informed decision making.

⁶⁶ Can be located at: <http://www.ncpgambling.org/programs-resources/responsible-gaming/>

⁶⁷ Linee Guida certificazione, AAMS (Governance of games of skill and games of chance with fixed odds and non tournament card games with remote participation: Guidelines for the certification of gaming platforms Version 1.1 of 07th June 2012)

Northern Territories Australia⁶⁸

<i>STANDARD</i>	<i>Requirement in regulation that operators:</i>	
<i>POLICY</i>	<i>Articulate a policy commitment to responsible gambling</i>	<i>no</i>
	<i>Provide funding for problem gambling treatment and research</i>	<i>no</i>
	<i>Senior staff to implement problem gambling policies & procedures</i>	<i>no</i>
<i>TRAINING</i>	<i>Customer contact staff trained in RG & handling distress</i>	<i>no</i>
<i>Tools to enable informed decision-making</i>	<i>Display practical tips to stay within safe limits & handle myths</i>	<i>no</i>
	<i>Display information on how to use responsible gambling tools</i>	<i>no</i>
	<i>Display information on the risks associated with gambling</i>	<i>no</i>
	<i>Display information on signs of potential gambling problem</i>	<i>no</i>
	<i>Provide information on play</i>	<i>no</i>
	<i>Provide limit setting on spend an time</i>	<i>no</i>
	<i>Stops play when a patron reaches his or her established limits</i>	<i>no</i>
	<i>Provides time-out</i>	<i>no</i>
<i>ASSISTING PLAYERS</i>	<i>Policies and procedures for handling distressed players</i>	<i>no</i>
	<i>Policies and procedures for reporting by concerned third parties</i>	<i>no</i>
	<i>Staff knowledgeable about handling customer RG enquiries</i>	<i>no</i>

The table above speaks for itself! Clearly NT regulations are totally inadequate as measured against our criteria.

We highlight this important conclusion, namely that Australian regulation, through the Northern Territory, from which base providers can operate, is ‘totally inadequate’ when measured against some of the better international criteria.

⁶⁸ NORTHERN TERRITORY OF AUSTRALIA GAMING CONTROL (INTERNET GAMING) REGULATIONS AS IN FORCE AT 1 JANUARY 2015

UK⁶⁹

STANDARD	<i>Requirement in regulation that operators:</i>	
POLICY	<i>Articulate a policy commitment to responsible gambling</i>	<i>yes</i>
	<i>Provide funding for problem gambling treatment and research</i>	<i>yes</i>
	<i>Require Senior staff to implement problem gambling policies & procedures</i>	<i>no</i>
TRAINING	<i>Ensure Customer contact staff trained in RG & handling distress</i>	<i>yes</i>
<i>Tools to enable informed decision-making</i>	<i>Display practical tips to stay within safe limits & handle myths</i>	<i>yes</i>
	<i>Display information on how to use responsible gambling tools</i>	<i>yes</i>
	<i>Display information on the risks associated with gambling</i>	<i>yes</i>
	<i>Display information on signs of potential gambling problem</i>	<i>yes</i>
	<i>Provide information on play</i>	<i>yes</i>
	<i>Provide limit setting on spend an time</i>	<i>yes</i>
	<i>Ensure Stop play when a patron reaches his or her established limits</i>	<i>yes</i>
	<i>Provide time-out</i>	<i>yes</i>
ASSISTING PLAYERS	<i>Provide Policies and procedures for handling distressed players</i>	<i>yes</i>
	<i>Provide Policies and procedures for reporting by concerned third parties</i>	<i>no</i>
	<i>Ensure Staff knowledgeable about handling customer RG enquiries</i>	<i>yes</i>

The UK provides an excellent set of requirements of operators in protecting players.

⁶⁹ UK Gambling Commission Licence conditions and codes of practice February 2015 (Updated April 2015)

New Jersey⁷⁰:

STANDARD	Requirement in regulation that operators:	
POLICY	<i>Articulate a policy commitment to responsible gambling</i>	<i>no</i>
	<i>Provide funding for problem gambling treatment and research</i>	<i>yes</i>
	<i>Require Senior staff to implement problem gambling policies & procedures</i>	<i>yes</i>
TRAINING	<i>Ensure Customer contact staff trained in RG & handling distress</i>	<i>no</i>
Tools to enable informed decision-making	<i>Display practical tips to stay within safe limits & handle myths</i>	<i>no</i>
	<i>Display information on how to use responsible gambling tools</i>	<i>yes</i>
	<i>Display information on the risks associated with gambling</i>	<i>no</i>
	<i>Display information on signs of potential gambling problem</i>	<i>no</i>
	<i>Provide information on play</i>	<i>yes</i>
	<i>Provide limit setting on spend an time</i>	<i>yes</i>
	<i>Stops play when a patron reaches his or her established limits</i>	<i>yes</i>
	<i>Provides time-out</i>	<i>yes</i>
ASSISTING PLAYERS	<i>Promote Policies and procedures for handling distressed players</i>	<i>no</i>
	<i>Promote Policies and procedures for reporting by concerned third parties</i>	<i>no</i>
	<i>Staff knowledgeable about handling customer RG enquiries</i>	<i>no</i>

NJ does an adequate job on policy and ensuring operators provide Tools to enable informed decision-making but does badly in the 'assisting players' domain.

Overall Findings: UK 87%, Nevada 60%, NJ 46%, Italy 40%, NT 0%

Conclusion

Adequate regulation is a pre-requisite of player protection as most operators have no incentive otherwise to provide it other than bad publicity and reputational damage if a player is harmed or harms others as a consequence of gambling on their sites.

One must assume that poor operator performance reflects poor enforcement of regulation in the first instance (Company A). However, even where regulation is poor (NT) companies can still provide some basic provisions (company C). This may be indicative a better enforcement regime in NT but we have no evidence either way on this. The UK standards are excellent on paper at least and make UK the

⁷⁰ New Jersey Casino Control Act 2010

top scoring jurisdiction. However, the fact remains that all these requirements did not act as a deterrent for Company A who were found to be in breach of regulatory requirements to protect players from harm and keep crime out of gambling.

This leads us to the view that a competent regulatory authority must operate a risk-based approach and establish risk criteria according to the actual evidence of player protection controls existing on an operator's site, not their credit worthiness or PLC status.

The regulator must employ sufficient competent (tech savvy) staff to adequately monitor all licensees and be committed to robust enforcement of its published minimum standards."

We also asked Gambling Integrity for advice about best practice, for a consumer protection perspective, they said:

Best practice advice

Below is a review and analysis of current peer-reviewed scientific research, best practices and regulations in international jurisdictions, and our views based on our own extensive experience. We have taken into account:

- *Literature reviews of relevant published and peer reviewed studies.*
- *Relevant global legislation*
- *Emerging best practice in UK and other jurisdictions*
- *The views of leading researchers who have investigated these topics*
- *Industry best practice concerning player protection*

Background: Range of Harm in Gambling

In order to understand why RG is important, we must consider the harm that excessive gambling can cause individuals, their families, and society. Based on an individual's gambling behaviour and related gambling-related problems, psychiatrists, psychologists, clinicians, social workers and financial counsellors place gamblers into categories according to their response to a number of problem gambling screening instruments, the most common of which are the DSM 5, SOGS, PGSI and NODS (American Psychiatric Association, 2013; Volberg & Williams, 2009).

It is important to note that problem gamblers are not a homogenous group. They differ by the types of games in which they engage, their motivations for gambling, associated mental health issues, gender, cultural factors, etc.

Longer-term longitudinal research about gamblers tells us that they often move between different risk categories over time, with some even moving from problem gambler to no-risk, without the aid of an external intervention, a phenomenon known as 'natural recovery'. Research suggests that less than 10% of individuals with significant gambling problems actually seek professional help or treatment (Hodgins, Sta & Grant, 2011; Hodgins & Holub, 2007; Shaffer & Martin, 2011). From empirical sources we know that in general, especially in Europe, not more than 1% of problem gamblers make use of self-help groups like GA.

4.1 Require operators to adopt 'stepped care' model

Players differ from one another, as each player plays in a different manner and is to a different degree susceptible to problem gambling. This means, ideally, for every player the right approach to the prevention of harm needs to be chosen. One way to approach that principle is to use a 'stepped care' model of problem gambling prevention. Stepped care has two essential features: (a) The recommended approach to the player should be the least restrictive one possible in terms of cost and inconvenience to the client but still likely to give significant benefits, and (b) It should be self-correcting, in that the results of interventions are monitored systematically and changes are made or stepped up if the current intervention proves not to be effective and achieves no benefits for the player.

In the stepped care model, a hierarchy of potential interventions can be used, ranging from simple interventions (e.g., information provision), to mandatory exclusion, and recommended (light and more intensive telephone, on-line or face-to-face counselling / treatment / therapy). Guidelines and decision rules should be used to guide interventions. Collaboration with the player is important to achieve outcomes (Bower & Gilbody, 2005). The onus of responsibility rests with the operator's staff that administers the stepped care programme to maximise positive player outcomes.

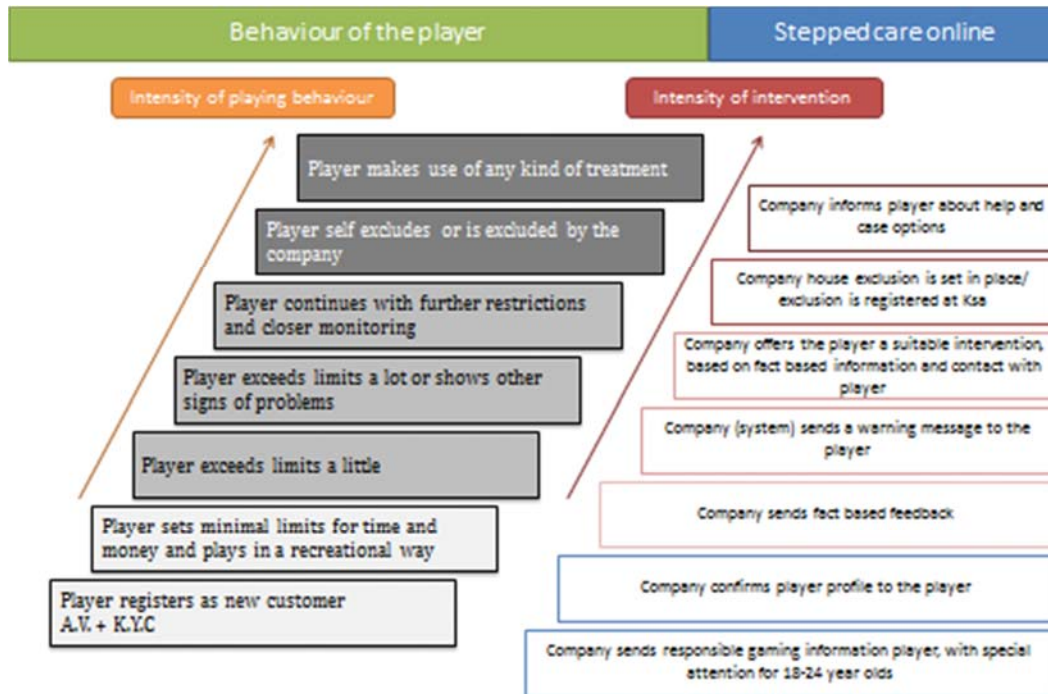
Operators should adopt a system in which they distinguish recreational players from players with risky playing behaviour and problem gamblers. Responsible gaming policies should contain the adopted procedures to recognise, analyse and catalogue suspicious and risky playing behaviour. Staff will require training in the implementation and use of the model. Sufficient staff must be available to administer the stepped care model from the help desk.

Operators should adopt a suitable monitoring system that allows the cataloguing of playing behaviour. Suspicious or risky playing behaviour should then be analysed to determine if the playing behaviour constitutes a risk or a problem for the player. We recommend that recreational players should be given information on responsible gaming. They should also be given information about their playing behaviour, e.g. amount of money on player account, play activity reports or betting history, etc.

Players with risky playing behaviour should be given warning messages when boundaries are crossed or when playing limits are exceeded. They should also be given information about their risky playing behaviour, e.g. self-tests for problem gambling. Another appropriate measure could be to persuade the player who is at risk, to set limits. Operator should be very cautious in giving these players bonuses or otherwise applying direct marketing to these players.

When needed, problem gamblers should be guided to professional treatment and / or self-help/care, or should be persuaded to self-exclude from playing. In very exceptional cases, the player should be excluded involuntarily from gambling.

The stepped care model in an on-line environment



4.2 Require operators to provide vital information

Informed consumer choice is now seen as a pre-requisite of good public health, however information must be accurate realistic and well presented. It is vital that operators address the need to provide accurate information about true odds and the nature of chance and probability in order to educate customers.

Very few operators have adequate information available. Those that do have largely limited this to information to how to apply responsible gaming tools. There is much to do to equip operators to be able to meet the policy objective. The current land-based sector is mostly very well equipped and provides information about how to keep gambling in control, self-tests and information on help services (self-help and professional care).

The importance for public health of influencing behaviour has been widely established for a number of risky behaviours. Academics have looked at the best methods for influencing positive behaviour change through messaging and established the importance of peer-to-peer type messaging and normative feedback (Dolan et al., 2012). This has also been emphasised in the review on gambling limit setting (Lucar et al., 2012).

Unfortunately, those with gambling problems are often in denial of their problems and in spite of objectively having serious gambling-related problems do not think they have a problem at all (Derevensky, 2012; Haroon et al., 2003). It is vital that information about how to keep safe and how to get help are conveyed in ways that will encourage greater uptake. In this regard gambling has much to learn from other areas of health information dissemination and many successful techniques from other areas of public health concern could make their way into the gambling domain, with the

help of counselling / treatment and prevention organisations. Marketing strategies are also important and should not be overlooked (Bernhard et al., 2012) to optimize adoption of such strategies.

Visibility of information about how to play responsibly, the nature of games of chance and true odds are all-important in order for players to make an informed choice about their gambling (Blaszczynski et al., 2008).

The principle of encouraging players to make an informed choice / informed decision about whether and how to gamble has been well endorsed by researchers (Blaszczynski et al., 2004; Blaszczynski et al., 2008; Blaszczynski et al., 2011).

Direct evidence relating to on-line gambling is limited. There have been a number of evaluations efforts to educate EGM gamblers. Wohl and colleagues developed and evaluated the effectiveness of a short video that provided education on how slot machines work, the value of setting financial limits, and strategies to avoid problems (Wohl et al., 2010). They have recently made a shorter version and are currently evaluating its efficacy.

Tools to help players set limits

Tools such as expense calculators are generally confined to gambling help organisations (for example gambleaware.co.uk). Many of the lottery organisations and a limited amount of gambling operators have yet to incorporate these features on their websites. However, the provision of such tools within an RG hub could be of benefit to those who wish to place a monetary limit on their play (Auer & Griffiths, 2012).

Provision of Information on losses and account balances

Regarding the idea of displaying limits on the player account page and onscreen during play, (Lucar et al., 2012) summarized the research to date on this topic:

In general, play activity reports can be expected to be well received by Internet gamblers, and can perhaps be a useful tool for Internet players to become more aware of the amount of money they are spending on their gambling. Seeing expenditure histories of on-line play may help prompt gamblers to set appropriate limits on their gambling; further research is required to evaluate if play activity reports actually result in changes in gambling behaviour and limit setting

Player specific information regarding time

Schellinck and Schrans (2002) found that an on-screen clock was associated with improvements in keeping track of time and staying within desired time limits, but had no effect in actually reducing session length or expenditure. Research by Wynne and Stinchfield (2004) similarly found no effect on machine gambling behaviour. EGM gamblers in a Quebec study reported that having a clock was also not a helpful tool in promoting responsible gambling (Ladouceur & Sevigny, 2009).

In 2001 all gaming machines in the Crown casino in Melbourne, Australia were required to have clocks to display the time of day so that the players could be aware of the time of day and passage of time, however so far there is very little or no evidence on the effectiveness of the measure.

Player specific information derived from monitoring play

Gambling harm is the result of a complex relationship between the object of addiction (gambling technology), the player (demographic and lifestyle characteristics) and the environment,

opportunities to gamble, stimulations to gamble, culture, etc. (Korn & Shaffer, 1999). A more common approach is to examine psycho-social-behavioural environmental factors associated with problem gambling. Much of the empirical work in this area has been done by Howard Shaffer and his colleagues using on-line gamblers on Bwin data (Gray et al. 2012).

A number of developers claim to have found detectable behavioural markers or risky gambling behaviour or problem gambling, however evidence supporting these claims is so far limited. BetBuddy, Mentor and Playscan, all designers and operators of behavioural tracking systems, suggest they have empirical evidence to support their use. However, the vast majority of the data is unavailable due to reported proprietary business reasons. However, most recent studies indicate that at least one variable is a reliable indicator –involvement in multiple different modes of gambling. Following the work of Shaffer and others with the Bwin data and further analyses of the same date by German researchers, multiple involvement is considered an important predictor of potential harm (Brosowski et al., 2012). Unfortunately, too many typical gamblers who are not at risk also engage in multiple forms of gambling in different venues rendering this variable limited in its effectiveness as a single predictor for problem gambling.

Research and anecdotal evidence from non-problem as well as problem gamblers suggests that information provided may not be used consistently. Most ordinary gamblers believe that responsible gaming information/messaging does not apply to them, as these are safeguards for problem gamblers.

Furthermore, awareness initiatives appear to have had a very limited impact if people are not explicitly asked to attend to the information or have no intrinsic interest in it. The challenge for gambling operators is to make educational information engaging and interesting for players.

Insight into the working of a game can prove useful in educating the player. Some attempt at explaining the true nature of house edge, odds and randomness is available on the website Gambleaware and a number of other sites including lottery companies.

Operators should provide players with fair and adequate information to make informed choices. Players should be automatically given information about how to keep gambling fun, the nature of the gambling (odds, probabilities, etc.) and how / where to get help if problems arise. All operators should display such information, to a minimum standard, perhaps formulated by the regulator, and presented prominently, on their websites or in their venues.

The responsible gaming information should cover possible problems and harmful effects of gambling, as well as tips and advice that can help the players enjoy gambling responsibly. Links to this page should be available through all available interfaces for products and at strategic points across the websites and venues. Player protection information for customers must include the following:

- *Responsible Gaming Information*
- *Guidance on “self-assessment” processes*
- *Links to problem gambling services*
- *Self-limitation*
- *Self-exclusion*
- *Filtering programmes*
- *Complaint procedures*
- *Account Statements and gambling / betting histories*

Preventative Education and Information

Operators should be committed to a) helping customers receive information about risky play and how to avoid it, and b) helping customers to evaluate their own behaviour and to get help for themselves.

Operators should do this through the provision of educational information through their responsible gaming pages. This is an area that operators should review on an on-going basis. Operators should also promote educational programmes and other information initiatives aimed at the prevention of problem gambling. A warning text in a readable font size should be provided on every site page.

Player Protection Settings and Information Text on Player Protection Page

Operators should have a centralised player protection page on websites, or information point in venues, from which customers can manage their settings across the product range. Here customers can:

- *Set self-exclusion for a specific period of time*
- *Set or edit deposit or loss limits settings for the account, or manage product specific limits*
- *Read information regarding the self-exclusion and limits functions, which should be clearly explained within the player protection settings page.*

Customer Complaints

Customers are notified of their right to complain and to contact an independent body during or after the complaint process.

There needs to be a helpdesk for players, so that they can ask for information or to make complaints. There should be multiple ways to make contact (e.g. a chat function, e-mail, or telephone). The helpdesk needs to be able to provide specialist staff to undertake interventions. This helpdesk can be an independent organisation or can be related to the operator.

Age Verification and Underage Gambling

- *Operators should use strict and rigorous process for age verification takes customers through multiple stages to confirm their identity and age. The process should consist of:*
 - *Account opening – the customer has to provide registration details (name, address, date of birth, email address, phone number and card or bank details) to the operator. The customer also has to agree to the terms and conditions, including the section that outlines that you must be over the age of 18. All these standards are to be developed by the regulator.*
 - *Prevent funding from “at risk” methods (those deemed to be available to minors) – customers funding with “at risk” payment methods are locked at the point of registration.*
 - *Validating the customer – the operator confirms that the customer’s details provided actually relate to the user of the account, via one of a number of methods:*
 - *Verifying the details supplied during registration with a third party company. Selected customer details entered during account registration are verified.*
 - *When necessary utilizing third party relationships to certify customer documentation.*

- *Supplying hard-copy identity documentation. If the above two solutions are not available, customers should provide operators should with copies of documentation such as a copy of a passport, driving license or utility bill.*

The operators' sites must clearly display an '18 or 18 +'s only' sign, clearly visible on web site pages. Through the registration process there should be a clear message regarding underage play and the steps the operators takes to check on age. This acts as a deterrent to minors.

I. Customer account

Operators should not allow customers to register more than one account and state that there are strict and robust controls in place to monitor this. Expenditure histories of the player's account should be visible; further research is required to evaluate if making play activity reports visible is an effective measure.

II. Payment Restrictions

Operators should implement payment restrictions on accounts to prevent fraud and money laundering risks. These include linking payment methods intrinsically to one account so that they cannot be used on other account and limiting customers to one card registration at any time.

III. Advice on Maintaining control

Operators should display advice to help players maintain control of gambling habits

4.3 Require Operators to Catalogue Player Behaviour

It is now accepted common knowledge amongst most stakeholders that on-line operators have the technical capability to monitor players' behaviour. An important principle of the stepped care model is that the greater the risk, the bigger the need for intervention. Therefore, it is necessary to recognise risky playing behaviour in a timely fashion. To ensure the aforementioned, the operator must monitor and analyse the players and their behaviour in a consistent and unambiguous manner.

Players should be required to create a profile in advance of playing that specifies the amount of time and money they are likely to spend as well as the types of games that initially interest them. The operator would then be able to offer direct and normative feedback to the player based on his adherence to stated preferences.

This approach is in keeping with emerging harm prevention approaches in health and pro-social behaviour that are emphasising the need for using 'Nudge' type principle to induce healthier lifestyles (Larimer & Neighbors, 2003; Thaler & Sunstein, 2008). Some recent studies have been done with college students suggesting that this approach works well in the gambling field (Larimer et al., 2012; Neighbors, 2013).

Monitoring communications from Customers

Haefeli (2011) has reported that a number of warning indicators for problematic gambling can be conveyed through customer communications. As a result, the close monitoring of calls to helpdesk, forum postings etc., reports of changing settings in time and budget and account closings due to gambling problems will be a useful means of preventing the escalation of risky gambling behaviour.

Evidence supporting establishing player profiles

The search for robust behavioural markers for safe gambling behaviour can be found in a) the multiple studies done on Bwin player data by the Harvard University Research group (Gray et al., 2012; Shaffer et al., 2010) b) some UK based investigators (Dragicevic, 2011) in an analysis of Canadian players, c) Italian researchers (Adami et al., 2013) and the work done by Mark Griffiths (Griffiths and Witty, 2010 and Auer and Griffiths, (in press).

Limit setting – general points

In a meta-study of a wide range of gambling harm prevention methods (Williams & West, 2012) it was noted that opportunities for players to make choices about their play and the use of systems to manage their own money and time is a useful harm prevention strategy. Such systems may encourage players to make rational decisions about their gambling and oblige them to retain limits despite subsequent temptations that arise during play.

The ability to automatically reduce one's limits has been recommended (Auer & Griffiths, 2012; Bernhard, Lucas & Jang, 2006; Griffiths, 2009 & 2013). This would also be a valid reason to contact the player and provide player feedback and recommendations for safer play.

Auer and Griffiths (2013) as part of a study of 5000 gamblers suggested that voluntary limit setting is a beneficial harm prevention strategy. They found that company imposed upper mandatory limits can be easily circumvented by players and that encouraging personal responsibility through a voluntary system maybe a more effective approach. They also suggested that externally imposed upper limits can have unintended consequences in that players can develop a false sense of safety, make increased bet sizes and indulge in increased time spent gambling.

In another study, Griffiths and Wood (2010) noted that imposed fixed limits do not encourage gamblers to manage and monitor their own behaviour. Thus any desired transfer of learning from one site to another is not maintained.

The Australian Productivity Commission report (2010) referred to the topic of player choice and voluntary versus operator induced limits systems, to a parliamentary enquiry, which considered evidence over a two-year period. The committee noted that there is a consensus amongst international researchers and scholars that the use and encouragement of player induced rational decision-making systems is preferable even for problem gamblers (when not playing) over imposed systems that rely on monitoring their behaviour.

The Productivity Committee concluded that a system that allows players to make a rational choice is preferred. Paul Delfabbro, a leading gambling researcher, in his evidence to the committee, suggested that even if limits higher than the mandatory set levels were to be set by a problem gambler, the conscious act of setting these limits is beneficial. The committee concluded that limit setting systems should be offered on all gambling websites and venues. Default limits should be set only with the opportunity for the player to apply these limits to all on-line gambling sites.

Why the ability to define limits is important for the player

The concept of placing limits on money and time are universally considered to be of great importance by clinicians, psychiatrists, psychologists and social workers in treating problem gamblers and from this experience has filtered through into generally accepted advice on responsible gambling practice. We also know from gamblers who play without developing problems that limit setting is helpful. Wohl (2010) reported that approximately 80% of gamblers in general said they mentally set a limit on their play. For many this is a vague or soft limit (about \$50; between 2-3 hours). Approximately 25% exceed their pre-set mental limit.

This study supports the precept that formal limit setting should be offered to customers as means of making this general tendency more concrete especially for the 25% who exceeded their notional informal limit.

There is a general consensus amongst clinicians and academics that the offer of limit options and RG tools in general is useful because they seem to encourage gamblers to reflect on the amount of money and time they spend gambling. In a recent meta-review of the literature, Lucar et al. (2012) concluded that monetary limit-setting features have the potential to help gamblers reduce excessive gambling expenditure, albeit over the long run and in conjunction with other responsible gambling measures that elicit self-reflection (e.g., player history reports, responsible gambling and problem gambling information, pop-up messaging, normative feedback, budget calculators etc.

Further evidence has been gained from Gainsbury et al. (2012) who interviewed 10,838 on-line players from 96 different countries. This sample included 7,342 Internet casino players with more than three-quarters of participants aged over 35 years. Most participants resided in USA and Canada or the United Kingdom. The results suggested that:

Participants generally reported that they found Responsible Gambling Features (RGFs) useful. Although no feature stood out as critically important most participants stated that they would consider RGFs at least “quite useful”. The most popular option was receiving regular financial statements, with 75.1% of respondents considering this option to be at least quite useful and the least popular feature was self-set time limit with 50.3% reporting this as at least quite useful.

Participants were significantly more likely to report that a RGF was at least quite useful if they reported chasing losses (indicator of problem gambling), were under the age of 35 or were female. Those playing at Internet casinos (versus poker players) were also more likely to endorse RGFs with the exception of financial statements and self-assessment. Among the participants, Internet poker players that played with lower stakes were more likely to report that spend limits would be at least quite useful. More skilful poker players (those 44.9% of the 5,004 respondents claiming that they were either ‘quite good’, ‘very good’ or ‘extremely good’) reported spending limits, time limits and self-exclusion all to be less useful than their less skilful counterparts (those 55.1% of the respondents claiming to be of ‘average skill’ level or less). Respondents in the US were less likely to rate any of the RGFs as at least quite useful compared to other countries. Participants from the UK were significantly more likely to rate RGFs as at least quite useful, with the exception of self-assessment tests. Canadian, Dutch and Danish respondents were less likely to endorse the usefulness of spend limits. Australian, Swedish, German, Norwegian, Irish and Italian residents were no different in responding compared to other respondents.

In a study by Wardle (Wardle 2011) in the U.K., a high proportion of gamblers reported having set limits on the amount of money spent on any gambling website; with nearly two thirds indicating that they had done this in the past. Far fewer respondents reported that they had never set any limits on the amount of time they could spend on a gambling website. The fact that the majority of gamblers had used at least one form of player protection tools on a gambling website provides a strong mandate of support for these tools.

Limit setting in the player profile.

Lucar et al. (2012) recommend that players be required to set a deposit limit of their choosing as part of the registration process or prior to their first play session after creating an account. The potential advantages of such limit setting have been previously described. Adding a default opt-in option

would help to extend the idea of playing safely within one's limits for the entire player population. However, as previously recommended, it should remain an entirely personal decision as to the amounts of the limits.

Self-monitoring and the encouragement of personal responsibility remains an important principle for all gamblers – for those occasional recreational players at no-risk, right through to intense players with an established gambling problem (Blaszczynski et al., 2008).

The conscious act of decision-making about limits on the part of typical gamblers and problem gamblers alike is helpful in promoting personal responsibility and inducing the discipline of informed decision-making. This applies even if limits established by the player seem unrealistic to an observer. Most gamblers, independent of their level of gambling problems, seem to prefer voluntary rather than imposed protection systems (eCOGRA 2007).

Various regulators have mandated on-screen clocks and tools to set time limits on play. Playing longer than planned is a risk practice that increases the likelihood of developing impaired control over gambling. Accordingly, researchers have explored the value of introducing clocks into play. Schellinck and Schrans (2002) found that an on-screen clock was associated with improvements in keeping track of time and staying within desired time limits, but had no effect in actually reducing session length or expenditure. Research by Wynne and Stinchfield (2004) similarly found no effect on machine gambling behaviour. EGM gamblers in a Quebec study reported that having a clock was also not a helpful tool in promoting responsible gambling (Ladouceur & Sevigny, 2009).

In 2001 all gaming machines in the Crown casino in Melbourne, Australia were required to have clocks to display the time of day so that the players could be aware of the time of day and passage of time, however so far there is very little or no evidence on the effectiveness of the measure. Holland Casino introduced a limited visit system in the early 1990's, additional to the self-exclusion system that was developed in the 1980s. Similar research carried out in 2001 and 2005 shows that these measures are of help for the customers.

The question of how to assess the cumulative total of all site visits by players, across all operators is highly pertinent. This may be a useful extension of the capabilities of a national exclusion register in the future for state authorized operators. However, we must acknowledge that it would be hard for players to set limits on the time they wished to spend across all possible sites and venues. There remains a real concern that if a gambler reaches his time or money limit on one site he/she may switch to another site.

This literature and our own experiences suggest that the construction of a profile of players may induce greater self-awareness amongst lower risk categories of players and will aid the ability to monitor and encourage responsible play, thus minimizing their escalation of gambling and gambling-related problems. It will provide a useful basis for monitoring and intervention with players at the higher end of the risk spectrum.

In addition, best practice suggests that a large range of limiting options should be made available and furthermore that effective messaging may be an aid to reinforcing the decision to limit and thereby taking more informed and less impulsive decisions about what time and money to spend on gambling activities.

A point of caution is that externally imposed upper limits can have unintended consequences in that players can develop a false sense of safety, make increased bet sizes and indulge in increased time spent gambling.

In summary, we believe the current international consensus amongst researchers and gambling harm prevention experts is that a system whereby the player makes a conscious and voluntary decision about spending limits for gambling is one way to help players maintain reasonable limits and enable those at risk of gambling problems.

Operators should adopt a suitable monitoring system that allows players to set their own limits and then receive detailed feedback from the operator should they deviate from these limits. This means the following.

a) Profile setting and monitoring: The player must - prior to their first play session - create for himself a profile in advance of playing that specifies the amount of time and money he is likely to spend as well as the types of games that initially interest him. The operator would then be able to offer direct and normative feedback to the player based on his adherence to stated preferences. Stronger interventions when needed will be implemented according to the stepped care model.

b) Financial Limits setting: Tools should be available to set at least daily, weekly or monthly deposit limits. These must be set when a player registers for an account from within his 'Account Profile'. If he is already a customer and wishes to amend the limits then this too can be done. The player must be able to set a deposit limit - Deposit limits allow him to impose a restriction on the amount he can initially deposit into the account, before money is spent across the operator's products. The player can elect the amount they wish and choose a period of daily, weekly or monthly. The deposit limit is not affected by any transfers of money between wallets or by withdrawals.

Additionally, all operators should follow at least a basic systematic procedure to handle players if they do not play within their own prescribed limits, as entered into the player profile. This will ensure that all players who begin to gamble excessively are not only monitored, but benefit from the application of a care model that will ensure they get the right level of help that is appropriate to their situation. Evidence of this system should be provided as a condition of license award. Its effectiveness will be monitored by the regulator on an on-going basis.

This system of cataloguing playing behaviour gives the operators the means to recognise risky playing behaviour in a timely fashion. Moreover, this system should result in all gambling consumers realising that a) their gambling activities and behaviours are monitored should they become unsafe and b) there is a safety net that operators must apply to help them gamble within their own stated limits, if for some reason they cannot do this for themselves.

Operators will have to either buy suitable player monitoring software or else develop applications themselves. Besides that, operators will have to ensure that the parameter setting process can be completed in an efficient matter that does not try the patience of the potential customer otherwise they will lose that potential new player. Our recommendation would be not to overuse limiting options, but to let players at least fill in the basic and necessary limits such as deposit limits and a time limiting option (e.g. visiting frequency). A limit on multiple different modes of gambling would be optional.

4.4 Require Operators to Intervene When Signals of Risky Playing Behaviour Arise

It is increasingly understood by the general public and health and social commentators that operators whose products are potentially harmful, should attempt to offset that harm by taking an active and socially responsible role in society. Proactive intervention with customers experiencing

harm is expected in the gambling sphere given the potentially very serious financial and family consequences of excessive gambling.

This means that all licensed operators will actively approach players who show signs of excessive play. This enshrines the duty of care principle and ensures that operators enact a defined responsibility for those players. The policy will also help ensure that revenue cannot be derived from those who begin to gamble excessively, as this behaviour will be discouraged and actively stopped in the early stages.

Notification of limits

There are a number of studies suggesting that players be provided with appropriate warning messages (e.g., a pop-up message) that informs them of their remaining limit when players are close to reaching their pre-set limit. This should give players the option to choose to continue or to stop playing prior to reaching their pre-set limit (Lucar et al., 2012) as unintended consequences of increased gambling may in fact occur.

Canadian research has shown that pop-up messages on slot machine terminals can be an effective way to increase user adherence to pre-set monetary limits. However, participants with higher levels of gambling problems were more likely to ignore their limits than participants with fewer symptoms. This suggests that pop-up limit messages might be an effective tool for those at low or moderate risk, but might not be effective for people with high levels of problems (Stewart & Wohl, 2012).

Gainsbury also advocates the use of well-designed and empirically tested pop-ups to remind players about responsible gaming (Gainsbury, 2009):

The implementation of responsible gambling strategies should be based on empirical evidence and theoretical frameworks wherever possible. However, given the lack of research on Internet gambling, the design of on-line responsible gambling programs must initially be extrapolated from findings in other fields. One method employed to temporarily attract attention away from a primary task to secondary information contained in messages is the use of 'pop-ups', which have been increasingly incorporated into computer interfaces including software and web browsers.

Player specific feedback derived from monitoring play

Many researchers and policy makers have called on the industry to use technology to track player behaviour. However, as yet there are no reliable and valid methods to determine what patterns of play may be indicative of potential harm with a great deal of certainty. While a number of behavioural analytic systems are in place and are beginning to shed light on this, further research and validation are necessary. Once again, it is important to note that problem gamblers are not a homogenous group and that the motivations for continued gambling in spite of repeated losses are many.

Self-test for gambling problems

Having a self-test facility is a very useful tool in the prevention of harm from gambling. The problem gambling severity index (PGSI) is probably the easiest one to incorporate onto the RG pages of a web site as it is easily scored by users. They should then be directed to further prevention tools and resources as well as the phone numbers and web addresses of treatment centres.

Interventions stimulated by complaints

As mentioned before, Haefeli (2011) has reported that a number of warning indicators for problematic gambling can be conveyed through customer communications. As a result, the close monitoring of calls to helpdesk, forum postings etc., reports of changing settings in time and budget and account closings due to gambling problems will be a useful means of preventing the escalation of

gambling harm. It is important to have a robust and transparent internal complaints handling system. An alternative mechanism for dispute resolution with a third party independent agency is recommended.

Exclusion

Gainsbury in her review of self-exclusion (2010) notes that:

The assessments of self-exclusion programs internationally generally find that the majority of participants benefit from such schemes. These benefits include participants reporting decreases in gambling expenditure and improved financial circumstances; decreases in gambling frequency and time spent gambling; reduction in problem gambling severity and negative consequences of gambling; reduction in related psychological difficulties including depression and anxiety; and that they feel they have more control of their circumstances. Even without enforcement, self-exclusions may be somewhat effective because they allow problem gamblers to make a public commitment to stop gambling. Some problem gamblers will wish to avoid the potential embarrassment of being caught in a break of a self-exclusion agreement.

Partial exclusion of certain types of games

Anecdotal evidence from treatment centres reveals that many problem gamblers have reported that having a range of exclusion options may be helpful. We conclude that having the option to exclude by product, with varying lengths of times, may induce more people who are experiencing difficulties to take positive actions to address their gambling problems. Universal exclusion against all products may reduce its adoption.

Self-exclusion for a certain period

Many of the leading treatment specialists in the world have reached a consensus view that a 'two strikes and out' approach is best for permanent or for a longer period of time self-exclusion from a particular website. Their results suggest limiting such self-exclusions to either a six-month period followed by permanent exclusion would be best.

Gainsbury concluded in her comprehensive review that it is best for self-exclusion schemes to offer multiple options to the consumer. She notes that:

There is a lack of empirical evidence to suggest what length of ban is most effective in assisting individuals to control their gambling. Although longer bans may be more effective in providing individuals with the time needed to overcome their gambling-related problems, these may deter some individuals from registering for programs. It is suggested that self-exclusion agreements be a minimum of six months to allow individuals sufficient time to enter treatment if desired or deal with their gambling problems.

The Responsible Gambling Council in Ontario's review of best practice in self-exclusion (RGC, 2008) concluded that in order to maximize the attractiveness of self-exclusion to problem gamblers and to maximize adherence, ban lengths of varying option should be offered to gamblers.

Involuntary exclusion for six months or longer

Anecdotal data from a range of market leading on-line operators gives testimony to the need and expediency of this provision. There are clearly occasions when the company must take a decision in a player's best interests, where the player is unable or unwilling to take appropriate action to protect himself. This is a site-specific exclusion that can only apply to the individual operator.

Exclusion revocation

Anecdotal evidence from treatment providers in Europe suggests that gamblers often have misgivings about having set a self-exclusion. They will consider after a period of time that their luck has changed, strongly believe that they can recover losses, and contend that they can adequately control their gambling. Revocation of self-exclusion must remain in force until the time has elapsed.

Third party exclusions

This measure could be useful but is difficult legally to implement in a lot of jurisdictions, mainly because of privacy regulations. This provision therefore is only of relevance where it currently is provided for in regulation. While only in a very limited number of jurisdictions (e.g., Tasmania, Belgium and Singapore), there may be a large number of unintended consequences including spousal, parental or child abuse.

Imposed systems of monitoring and control directly undertaken by operators may be effective in the minimization of harm as long as the principle of encouraging responsibility and informed decision making based on an informed choice on the part of the player is adhered to. Such systems imply the direct intervention of staff with the player, or at the very least some sort of automated warning message when a pre-determined threshold is about to be passed by the player.

Furthermore, it is important to have a robust and transparent internal complaints handling system. An alternative mechanism for dispute resolution with a third party independent agency is recommended. A complaint, that is actually a cry for help, must be recognized by the helpdesk, and must be dealt with in a helping, reassuring and useful manner. As such, helpdesk employees require appropriate training to detect such indicators and appropriate referral services.

However, proactive intervention with players who may be experiencing harm throws up a number of potential problems that could confound attempts to monitor players:

- I. Firstly, visible behaviour is really only detectable in terrestrial land-based venues. Even here, visible distress may not necessarily be an indication of problem gambling.*
- II. Secondly, Problem Gambling is a clinical diagnosis that can only be made by a suitably qualified clinician after a psychological screening instrument has been administered to the gambler.*
- III. Thirdly, the science of establishing behavioural markers for play patterns that may be on a trajectory to problem play is in its infancy. Much of the useful work in this area has been done by the Division of Addictions, an Affiliate of Harvard Medical School (Gray et al., 2012, Braverman & Shaffer, 2012). Harvard has not yet been able to develop a usable algorithm that would give a reasonable degree of certainty that combinations of detectable behavioural markers are indicative of problem play. Another important issue remains as to how early can aberrant gambling behaviours be detected and can behavioural interventions actually modify people's playing behaviour. Much research remains to be done in this area.*
- IV. Fourthly, the sheer volume of players in on-line gambling (un-quantified millions of active on-line players daily across multiple on-line sites in Europe) makes it impossible to intervene meaningfully with players without the confidence that a useable detection system would provide.*

Minimum standards for land based and on-line operators

When indications of risky playing behaviour (e.g. multiple and/or repeated increasing of playing limits) arise, the operator must make an inquiry by contacting that player. If needed (i.e. the player asks for help in playing responsibly or the player is evidently playing irresponsibly), the operator intervenes by choosing the appropriate intervention method, accordingly to the stepped care model. When an operator makes an intervention, this should be recorded in a file corresponding to a player.

This file should also contain all relevant data (e.g. indications of risky playing behaviour) leading up to the moment of intervention

We recommend - in order of severity - the following methods of intervention:

- *Providing responsible gambling information*
- *Self-test for problem gambling*
- *Pop up messages with feedback on their playing behaviour*
- *Contact with feedback to provide a 'mirror' to the player*
- *Pointing out the possibilities to get help or a referral to care organisations*
- *Time out (min. 24 hours – max. 7 days)*
- *Restricting the periods or times a player can visit*
- *Partial self-exclusion of certain types of (on-line) games*
- *Self-exclusion for a certain period of time at one operator*
- *Self-exclusion for a certain period (minimum is 6 months) for all operators*
- *Involuntary exclusion for six months*
- *A life time ban*

Operators will have to adopt a suitably recommended system for recognising (signs of) problematic or risky playing behaviour. Staff will require training in awareness of problem gambling and in responding appropriately, effectively and efficiently to issues involving vulnerable customers.

4.5 Require Operators to Provide Guidance to Professional Care

For many players, the provision of responsible gambling information may be insufficient to encourage responsible play and guidance to counselling / treatment and self-help organisations are only required for more extreme cases. This could be the result of the operator's assessment of the gambling behaviour or at the request of the player.

Following the principles of the stepped care model, guiding the player to care should become an integral aspect of the gaming experience in Australia. Operators will provide measures to identify risky playing behaviour in time and respond with an appropriate intervention. Operators will provide relevant information, relating to help and treatment services to gamblers on their websites and in their venues.

Operators will engage with relevant counselling / treatment and prevention and self-help organisations and achieve an active and productive on-going relationship with them that will be mediated by the regulator. This will enable operators to understand problem gamblers' perspectives on the impact of gambling products to their situation.

Help seeking is often not done until a point of despair and the closure of all other options (see Suurvali et al., 2010 & 2012, Hodgins, & Makarchuk, 2001 for a comprehensive examination of barriers for help-seeking for a gambling disorder). The main reasons given for unwillingness to take-up traditional counselling / treatment and self-help services include:

- *Lack of knowledge that they exist*
- *Cost of treatment*
- *A lack of recognition of a problem*
- *The lack of awareness that help can be successful*
- *The shame and stigma attached to any form of treatment*

- *Distances required to get treatment*
- *The fact that some players find their own solutions for getting back in control*

We recommend the following model:

- *The operator provides information about the help and where the player can go for help available at all times. In this way, the player may, if necessary or desired, seek help on his own initiative.*
- *A player contacts the operator with questions about available help and counselling / treatment options.*
- *The playing behaviour gives reasons to guide the player to self-help or counselling / treatment options. The operator should provide this information when he contacts the player.*
- *If the player wants a voluntary self-exclusion, the operator should inform the player about the ways in which he can seek help to make a difference to his playing behaviour and advises him about suitable options.*
- *When an operator excludes a player directly, this player should always receive an information package about possible help and care.*

The counselling / treatment and prevention organisations and operators should have a regular dialogue about their cooperation and work together to ensure that a player gets the personal motivation to work on playing in a responsible way.

4.6 Minimum training requirements for staff members

All stakeholders need to be assured that training in consumer protection is an integral aspect of gambling industry practice. This is to be an active on-going process with special attention to the content of the training that is to be monitored by the regulator or an independent body / organization.

Special attention is to be paid during the audit if the necessary (and eventually voluntary) training is actively carried out by the operators and followed by the employees.

Training is of vital importance to staff in order to help employees recognise and handle customers who may be experiencing gambling-related difficulties (LaPlante et al., 2012). In spite of this need there appears to be minimal empirical evidence as to which components need to be emphasized in the training process (Giroux et al., 2008).

The study by LaPlante et al., (2012) has suggested that after training, participants demonstrated a better understanding of the notions of chance and randomness, and of problem gambling in general. They were more convinced of their role in identifying gamblers in crisis and displayed a greater knowledge of the procedure that has been implemented to help gamblers. At the follow-up, results indicated that participants maintained a good understanding randomness and remained convinced about the importance of receiving information about available help and resources. However, some issues about problem gambling and the procedure implemented to help gamblers in crisis were not well maintained. In conclusion, the awareness training session on responsible gambling allowed employees to increase their knowledge about gambling and improve their attitudes regarding problem gamblers.

LaPlante also found that training should deal with employees' current assumed knowledge and seek to correct incorrect knowledge and also convey knowledge about local regulations and practices. Dufour et al, (2010) evaluated a training program on responsible gambling for Canadian video lottery employees and showed that the training session was effective in improving employees' attitudes regarding problem gamblers and increased their knowledge about how to help. Their results also showed behavioural change after the training, however, these changes were not fully maintained at follow-up suggesting the need for on-going training to maintain long-term positive effects.

An awareness training session on responsible gambling allows employees to increase their knowledge about gambling and improve their attitudes regarding problem gamblers. Therefore, operators should provide all employees with information on responsible gaming through training programmes. Operators should ensure that appropriate levels of awareness of problem gambling are maintained throughout the organisation, so that responsible gaming is made an integral part of daily operations. Based on job demands and their level of customer interaction, relevant employees (including temporary staff and contract staff) are given additional training on problem gambling, particularly how to communicate with customers in referral to sources of help.

Training is required to ensure that all employees have an understanding of and awareness about problem gambling and that they recognise the importance of responsible gaming. Employees who deal directly with customers need to be able to respond appropriately, effectively and efficiently to issues involving vulnerable customers.

All operators should aim where possible, to ensure that employees with customer facing roles receive problem gambling/responsible gaming awareness training within their first three months of employment.

Refresher training should be given preferably every other year, depending on the level of knowledge and the position in the company and where any knowledge gaps are identified, re-training will be given when required.

Based on this evidence, we conclude that operators should put in place seminars on responsible gaming for all senior managers, team leaders and key customer service personnel with the following objectives:

- *To correct inaccuracies staff may have about problem gambling*
- *To equip participants with knowledge and skills to understand problem gambling and consumer protection*
- *To enable participants to take ownership of the responsible gaming policy and procedures promoted by the company*
- *To equip key staff with the skills and confidence to be able to handle calls from distressed customers and to successfully resolve these in the interests of all parties*

The content must include:

- *Current knowledge and understanding*
- *The spectrum of gambling behaviours*
- *The nature of gambling addiction*
- *The likely manifestations of problems in customers*
- *Particular problems of under-age gambling*
- *Real life scenarios*
- *Best responses to distress*
- *Real life cases and role-plays*

To encourage players to find help in self-help and / or professional care, it is important to provide information about help at the appropriate moment with great sensitivity. This means that training and knowledge about responsible gaming and recognizing risky playing behaviour is interlinked with guidance to care.

4.7 Promotional activities and information provision towards players

Operators must not direct advertising at minors and vulnerable groups. Operators should have advertising and marketing codes which seeks to ensure that advertising and sale promotion activities do not encourage underage or problem gambling and do not provide the gambler with misleading information, such as a false impression of the odds of winning. Operators will also comply with relevant voluntary and mandatory codes that are available in Australia relating to the provision and marketing of its services.

The points below are taken from a review by Jeff Derevensky (Sklar & Derevensky 2011):

Advertising is one component of the ‘marketing mix’, which also includes price (low affordability of machines facilitates high supply and demand), promotion (extends beyond advertising to include wide-ranging promotional strategies; even the alluring sights and sounds of machines act as a potent form of promotion), placement (best summarised as ubiquity) and product (machine design and market positioning).

Although ads cannot be regarded as directly causative of behaviour in any facile way, they are nevertheless one part of a constellation of normalizing influences that can be effectively targeted by policy guidelines in the interest of public health, as evidenced by increasingly tightened Canadian legislation directed at the advertising of alcohol and tobacco products. Though no one would suggest there is any simplified “magic bullet” effect in gambling ads, it is fair to assume they contribute to a normalization of gambling as entertaining and harmless (2011: 534-551)

The Queensland Responsible Gambling Guidelines⁷¹ state that individuals should not be emailed or direct-marketed about gambling products (such as player loyalty programmes) if they have ‘not consented to receive such material or have expressed a wish in writing not to receive such information’ Regulation of inducements provides an example of how different jurisdictions may choose to approach marketing strategies in different ways. For example, Section 4.7.10 of the Victorian Gambling Regulation Act makes it an offence to ‘offer any credit, voucher or reward as an inducement to open a betting account’ (Gambling Regulation Act, 2003). However, there are no such restrictions in the Northern Territory or Tasmania.

Minimum standards for operators

- Advertisements for gambling products must contain accurate information regarding the chances of winning and a visible warning statement that highlights the potential risks associated with excessive gambling.*
- Gambling advertisements should not be allowed to include images or sounds of excessive spending.*
- Youth-oriented graphics, including animals and cartoons, music, celebrity promoters, and youth themes such as board games, and being cool, should not be used to market or advertise gambling products.*
- Gambling advertisements should not include or depict any individual who is or appears to be under the age of 25, to prevent youth from relating to individuals gambling or winning.*

⁷¹(Queensland Office of Gaming Regulation, 2007, p. 7).

- *Gambling advertisements should not be permitted to be shown during television and radio timeslots primarily accessed by children or adolescents or advertised where they may be frequently viewed by youth, including on billboards, on public transport, and in print publications where a prominent proportion of readership are minors.*
- *Given the influence of point-of-sale advertising on children and adolescents, it is recommended that these advertisements be restricted from display in all stores entered by minors.*
- *Gambling corporations should be restricted from utilizing product endorsements from individuals who are likely to appeal to youth and increase the likelihood of youth gambling involvement.*
- *Companies and trusts that principally generate their revenue from gambling should be banned from promoting or advertising their name or products, including naming rights, branding, and logos through the sponsorship of sporting teams and events.*
- *Products promoting gambling or gaming companies should not be manufactured in child sizes, be available for purchase by minors, or be given away in promotions or as prizes.*
- *Advertisement for both gambling and practice Web sites should be subject to the same regulations described for advertisement of gambling products. In addition, free or practice sites should be prohibited from containing advertisements and direct links to on-line gambling sites and should have the same pay-out rates as their actual gambling site.*
- *Social media and on-line content, even where this is not explicitly advertising, should also be subject to the same regulations as advertising. This on-line content or any on-line advertising should not be shown alongside information on problem gambling or gambling treatment.*
- *On-line and wireless gambling companies should be prohibited from advertising via SMS alerts to mobile phones.*

4.8 Establishing a Quality System for Socially Responsible Gaming

The field of gambling studies is relatively young (less than 30 years, with some areas such as Internet gambling only beginning to gain widespread popularity in the past decade). Today, direct empirical evidence on the effectiveness of many existing responsible gaming tools and prevention strategies is very limited. The lack of research has not been helped by there being a limited number of researchers in the field, a lack of funding, and poor accessibility to corporate data.

Nevertheless, current on-line and land-based operators have in general adopted RG-policies or harm prevention policies, which for now often are the result of best practices and lessons learned. As with any business process, it is prudent to evaluate the quality of those adopted RG-policies or harm prevention policies from time to time, and to assure that the risk potential of the offered games and used promotional activities is still within bounds. And with time, developments in the field of gambling studies should provide useful research outcomes and valuable insights, which – along with the already acquired experiences and best practices – ultimately will contribute to a generally accepted template for socially responsible gaming invoking procedures.

Based on different characteristics of gambling types, a selection of relevant characteristics can be analysed. These characteristics were identified with different weights and differentiated scaling values to evaluate the risk potential, which ultimately can be used in a reliable assessment tool for risk evaluation of gambling types and for highlighting where the specific risk potential of each specific gambling product lies. (Meyer et al. 2011 and Blanco et al. 2013).

A good model for generic gambling risk assessment can be found in the Nova Scotia system⁷². This model highlights the need for operators to adopt a code of practice on responsible gaming and advertising. This model does not provide a methodology to determine the supposed addictiveness of individual products.

Minimum standards for operators

Socially responsible gaming entails operators who are aware of the risk potential of their offered games and used promotional activities. Although, there are different views as to whether it is possible to determine in detail what the addictive features exactly are, we recommend a risk assessment approach. We believe that a risk assessment will encourage operators to think about the risks first before offering new products, or before applying promotional activities.

We recommend that before launching a new product or service, operators should conduct a social impact assessment using a structured assessment methodology to examine relevant risk factors. Such assessments will also be conducted on new variations to existing products and promotions. The risk factors are documented and any mitigation strategies clearly recorded so that the assessment can be reviewed as necessary.

Another step towards socially responsible gaming should be a proactive prevention policy that is current and effective. Regarding the effectiveness, this means that operators should implement effective strategies to minimize the negative impact of the aforementioned relevant risk factors. To have a policy that is also current, the operator must have a process or a quality management system in place to ensure that the quality of the adopted RG-policies or harm minimisation strategies are regularly evaluated and are continuously updated to the latest best practices.

We recommend that the process of the operator continuously evaluating and assuring the quality of his responsible gaming policy should be monitored by the regulator. That way, the regulator can ensure that operators apply a basic quality assurance methodology to ensure the safety of their products (i.e. games, advertising and promotions) before they are placed on the marketplace. In this way the burden of regulation is lessened and more emphasis is placed on operators to ensure their products are fit for purpose, in other words that they can be enjoyed safely by the majority of gamblers without undue harm being caused.

4.9 Summary of the advice

Operators must provide players with fair and adequate information to make informed choices. The responsible gaming information should cover possible problems and harmful effects of gambling, as well as tips and advice that can help the players enjoy gambling responsibly. We believe that a system whereby the player makes a conscious and voluntary decision about spending limits for gambling is one way to help players maintain reasonable limits and enable those at risk of gambling problems. When indications of risky playing behaviour arise, the operator must make an inquiry by contacting that player. If needed, the operator intervenes by proposing the appropriate intervention method, accordingly to the stepped care model. To encourage players to find help in self-help and / or professional help, it is important to provide information about help at the appropriate moment with great sensitivity. This means that guidance to help is interlinked with training and knowledge about responsible gaming and recognizing risky playing behaviour. An awareness training session on responsible gaming allows employees to increase their knowledge about gambling and improve their attitudes regarding possible problem gamblers. Based on job demands and their level of customer

⁷² Available at: http://www.gamingns.ca/images/uploads/SR%20Assessment%20Template_Sept%2009.pdf

interaction, relevant employees (including temporary staff and contract staff) are given additional training on problem gambling, particularly in referral to sources of help.

To make sure that the prevention policy stays relevant and in line with the latest insights on responsible gaming, a quality system should be in place. We believe that a risk assessment will encourage operators to think about the risks first before offering new products, or before applying promotional activities. Another step towards socially responsible gaming should be a prevention policy that is current and effective. This means that operators should implement effective strategies to minimize the negative impact of the aforementioned relevant risk factors. We recommend that the process of the operator continuously evaluating and assuring the quality of their prevention policies should be monitored by the regulator.

Australia as a member of the International Community

As a member of the international community we strongly encourage Australia to be part of our broader multilateral approaches to dealing with on-line gambling including illegal on-line gambling through international collaboration.

We suggest that there are two main reasons for doing this

1. Australia cannot single-handedly deal with the speed of light international network of on-line gambling providers particularly those who operate through the dark web, so international collaboration is critical to success in Australia. International collaboration could include Australia taking a lead to have on-line gambling regulation as part of the agenda of the G 20, WHO, ASEAN, CHOGM etc.
2. the threat from on-line sports betting and on-line gambling to second and third world countries is substantial and growing dramatically all the time so Australia is well placed to help reduce the risk of dramatic on-line gambling harm in emerging economies by taking leadership with international regulatory processes in practice.

Conclusion

The reach of illegal on-line gambling providers is growing rapidly with increased gambling harm for Australian citizens inevitable. It is a clear responsibility of the Australian Government to act to limit the harm to which its citizens are exposed. Clear and decisive action is needed as a matter of some urgency as the surge of on-line gambling swells ever more ominously.

We strongly urge the Australian Government to establish a national regulator to deal with this global issue and to enact a range of measures through banking / financial, telecommunications and consumer protection legislation. The priority areas for action are summarised in our recommendations that are listed in Section 1 of this submission.

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