

GAMBLING COMMISSION

World Regulatory Briefing

Thursday 10 September 2015

Matthew Hill, Director Gambling Commission

The future role of responsible gambling in legislation and licence conditions

Hello, thanks for the invite...

Thank you [Chair] for that kind introduction and also for the opportunity to say a few words in the influential company assembled here about the regulatory agenda in responsible gambling and some possible future directions and challenges.

But first a few thoughts about the topic for the day – responsible gambling.

Responsible gambling can mean lots of different things...

Let's start with responsible gambling. It's a term that encompasses a whole range of different concepts, depending on the perspective one takes. The central theme, however, is the notion of consuming or providing gambling in a way that maximises "fun" – in quotes – and minimises harm. And by harm what we usually mean is the uncontrolled loss of more money or time than one can reasonably afford, with negative impacts on the individual, family, friends, communities and employers. But it can also mean the harm associated with crime – such as money laundering – and what many might describe as "societal harms" commonly cited examples of which include intrusive advertising and colonisation, whether perceived or actual, of the high street by gambling premises.

...but for today I'm going to focus on the responsibilities of commercial providers of gambling rather than its consumers because that's what we tend to regulate...

While of course responsible gambling is very important from the perspective of the individual gambler, and promulgating strategies to enable gamblers to take effective control of their gambling is part of the education and prevention effort, the real focus for gambling regulation is of course on ensuring that the commercial providers of gambling ['fun'] do so in ways that minimise harm and that's going to be my focus also today.

...regulation is about balancing different factors, and the picture is more complex than people sometimes think...

Effective regulation to bring about this harm minimisation is, as we all know, all about balance, particularly in a jurisdiction like Great Britain, where gambling is recognised by the public policy framework as a mainstream leisure activity.

But what in fact are we balancing in this exercise of regulation? The answer is not quite as straightforward as it might appear at first sight, and some important terms are frequently left out of the equation. So I'm going to talk about some of these factors: the obvious ones like the need to deal with the harm caused by gambling versus the costs and effectiveness of regulation, and the more commonly overlooked like the positive experiences of those enjoying gambling safely as a leisure product.

...the first thing to think about is the harm that gambling can and does do...

Starting with perhaps the most obvious of all. Gambling can and does cause harm to some people – whether in terms of over-consumption or in terms of being exploited or ripped off. That harm can sometimes be very serious, on occasion devastating. As I said earlier, that harm is not confined to the individual – it ripples out into communities.

...which we try to approach on a public health basis...

That is one of the main reasons why here and in many comparable jurisdictions around the world we have long advocated a public health approach to gambling related harm, based on the principle that preventing harm in the first place is preferable to treating it after the fact.

...with somewhat limited success...

Unfortunately we cannot yet say that the principle is matched by delivery. The lion's share of the £6m or so currently raised voluntarily by the industry is currently spent on treatment. As a proportion of the total, comparatively little is spent on what might genuinely be thought of as prevention. As there is no desire or indeed real case for reducing the amount spent on important providers like Gamcare or Gordon Moody it follows that the only realistic way to secure a funding distribution more properly reflective of a public health approach to problem gambling is to grow the pot.

In a similar vein, while we have seen a welcome increase in engagement from public health authorities in recent times, thanks in no small part to the work that the Responsible Gambling Strategy Board and Responsible Gambling Trust have done in moving the issue up the public health agenda, progress has been somewhat patchy.

...possibly because we are still at an early stage in articulating what we mean by harm and the scale of the problem.

Why is that? There are probably several reasons but it is worth noting that unlike fields like alcohol, smoking and drug-related harm there does not currently exist anything approaching a comprehensive assessment of how harm manifests itself and how much of it there is. Of course one can piece together an anecdotal picture of debt, family breakdown, loss of relationships and employment and gambling-driven crime, but we know very little about the pattern of these effects across society and cannot quantify the overall impact. And of course problem gambling rates are based on self assessment not on collection of objective data about harm unlike for example obesity or alcoholism. While trends in problem gambling rates tell us something, until we start to monitor actual gambling-related harm eg debt related to gambling we are will struggle in assessing the proportionality of the overall regime. That is why we welcome the fact that the RGSB is likely to make proposals to start filling this gap as it draws up its advice on the next three yearly national responsible gambling strategy

Industry starting to wake up to the challenges...

It's a point the gambling industry has been coming to terms with increasingly over the last two to three years, driven in large part by public and political concern itself fuelled in countries such as UK and Italy by the increased visibility of gambling with social media and mobile marketing. While there has certainly been a step change in the industry's willingness to accept and discuss the issues, translating that into effective action to address harm remains a serious challenge.

...but it's difficult stuff for a whole range of reasons...

Perhaps that's not surprising. Gambling companies are, after all, commercial organisations. Their main job is to make money and, for many of them, to keep the shareholders happy. That is not a criticism; successful commercial organisations create wealth, jobs and tax revenues. But because the gambling industry tends to be unpopular – as demonstrated by the overall negative public attitudes towards gambling in successive surveys – it becomes very easy in the public debate around gambling to lose sight of the important economic role the industry plays, its role in providing leisure products in response to consumer demand and in some forms, fulfilling a social role.

...we're relaxed about the gambling industry doing well provided the money is from a sustainable, legitimate source...

From a regulatory perspective, we see nothing wrong in successful gambling industry provided that success is built on normal healthy gamblers making an informed choice to spend part of their leisure budget on gambling as a paid entertainment. Indeed we have a statutory duty to permit gambling subject to reasonable consistency with the licensing objectives.

...but if it's not, it's likely to put public confidence at risk...

If that success comes from people who cannot control their gambling, people who have been misled or ripped off, or from operators not being sufficiently curious about the proceeds of crime, the gambling industry will continue to struggle to convince the public that it can be trusted on consumer protection and allowed freedom to grow and innovate. And in turn, if it can't convince the public it will not convince the politicians whose job it is to decide on how tolerant or otherwise the overall regulatory framework should be. And ultimately, many businesses are now starting to talk about the benefits of long term sustainability of the customer base.

...we're introducing an annual assurance statement to help operators focus their thoughts.

That's one of the reasons why in our major consultation on social responsibility last year we put forward proposals for an annual assurance statement, to be submitted by the thirty or forty largest operators that together make up around 80% or more of the GB market. By requiring the operator at board level to provide us with the assurance that they are really focussing on the risk to the licensing objectives that their business exposes them to and what they are doing to mitigate those risks, we hope to reinforce the way a responsible operator would behave and in turn be able to reassure the public that we are looking over the operator's shoulders. The Annual Assurance Statement AAS will also require operators to provide the regulator with a narrative assessment of the extent to which they are dependent on revenues from problem or at risk gamblers. While this element of the proposals has proved controversial, to say the least, we see it as a very important stimulus to help operators understand the risks inherent in the product mix they deploy and the customer base they enjoy.

The statement will be a good place to evidence/demonstrate operators' own efforts to develop and trial means of harm reduction...

As I said a moment ago, the industry is now facing a major challenge in translating intent into action. Having said that, many operators are now starting to develop and trial new means of harm reduction. I could mention for example the efforts that some of the larger betting operators are making to develop and refine algorithms to detect patterns of play that might indicate problematic gambling, and the increased focus some operators are now putting into effective due diligence to reduce the risk of money laundering they are exposed to.

...and this is even more important when evidence is as thin on the ground as it is in gambling...

Indeed, it is even more important in an environment, like gambling, which is characterised by a combination of a lack of evidence and confusion about the significance of what evidence there is that the industry demonstrates a strong lead in developing and trialling better means of harm reduction.

...but "pure" research is not necessarily what is most needed...

It's worth unpacking that a little I think. Far too often, in my view, progress can be hampered by a somewhat vague notion that things would be much better if only we had more "research" – and in case it's not clear from my intonation, my script puts "research" in quotes. In fact, while there will always be a place for "pure" research, the insights it can give us into policy are often quite limited: there are no silver bullets in this field.

...as opposed to evaluation and data analysis.

Where there is currently a huge gap is in applied analysis and evaluation. This is a gap that can, realistically, only be filled by the industry; only the industry has access to the data, the systems and ultimately the customers necessary to progress in this area. To support these initiatives, the Responsible Gambling Strategy Board is encouraging the development of evaluation protocols to help get a common approach to understanding what works best in gambling harm reduction. But it's really important also that results are delivered with a degree of transparency and openness that commands public trust and confidence.

Evaluation protocols are important, but so is industry leadership...

While we welcome this vital piece of the jigsaw, there is still plenty to do in terms of industry leadership. With the best will in the world, operators will always struggle to make progress if left entirely to their own devices. Each is hamstrung by the concern, perhaps fear, that getting themselves ahead of the competition on social responsibility will leave them vulnerable. That's why it's really important to find ways for the industry to move in step. Ultimately, of course, regulation can mandate solutions to create a level playing field and that's very important. But there is a huge amount of territory to be colonised through the industry itself making sense of the social responsibility agenda.

...that's why we welcome some of the initiatives that have been taken...

That's why we welcome the principle at least of groups like SENET and the Industry Group on Responsible Gambling starting to set some kind of pace and agenda and that itself reflects a growing interest in forms of self-regulation like accreditation and standards schemes.

...but important to remember that they are themselves somewhat hampered by lack of evidence...

However, even those groups and schemes depend highly on a willingness to invest time, money and mental effort in developing, trialling and evaluating interventions. Unless one is prepared to accept that the value of accreditation resides purely in the badge and not in the substance, the best schemes can only ever be as good as the measures they recommend are implemented. There is not point, for example, in claiming proudly that staff have been trained in X or Y if we don't know whether X or Y is effective.

So whichever way you look at it, progress on social responsibility is going to depend intimately on the industry grasping the agenda with both hands and helping to generate the knowhow to make things better.

Why should the industry bother?

But why should the industry bother? Well, apart from it being simply the right thing to do, I would suggest that its ability to continue to enjoy an environment in which gambling is positioned as a mainstream leisure activity – its “social licence to trade”, if you like – will depend heavily on generating, sustaining and demonstrating momentum. Some may argue that we are approaching something of a tipping point in terms of public tolerance for gambling. The furore around FOBTs, concerns around the huge increase in TV advertising in recent years, the ubiquitous high street presence of gambling businesses – all these and more have combined to make the environment around gambling as toxic as it has ever been. The calls for greater prescription and just simply for “something” to be done are growing.

Choices facing the industry

It seems to me that there are really two doors out of this room.

One door leads to greater constraint; ever tightening legislation and regulation, greater controls on products and their deployment to allay public fears. It leads to constraints on the freedom of responsible adults to make their own decisions about how they spend their leisure time and money. To constraints on the ability of the industry to innovate. And to constraints on the quality of the entertainment product offered to consumers.

This is the door that is opened by industry's failure to act.

The other leads to a somewhat sunnier place. It involves the industry – and its leaders – understanding and taking public concern seriously and responding to it by devising and testing practical measures to reduce harm. It will involve recognising and accepting that significant proportions of industry revenue are likely to be sourced from people who are not exercising sufficient control over their gambling, and – the difficult part – doing something about it. It will involve confronting the fact that the anonymity that characterises most terrestrial gambling makes it much harder to make progress – recognising of course some of the considerable issues involving privacy and big brother concerns involved in its removal.

But if the public concern is recognised and accepted and engaged with, it offers the prospect of sustainable, responsible and respected business.

It also offers a much greater prospect of society getting focused properly on what gambling is supposed to be about – which is a safe, enjoyable experience for all those who want to participate.