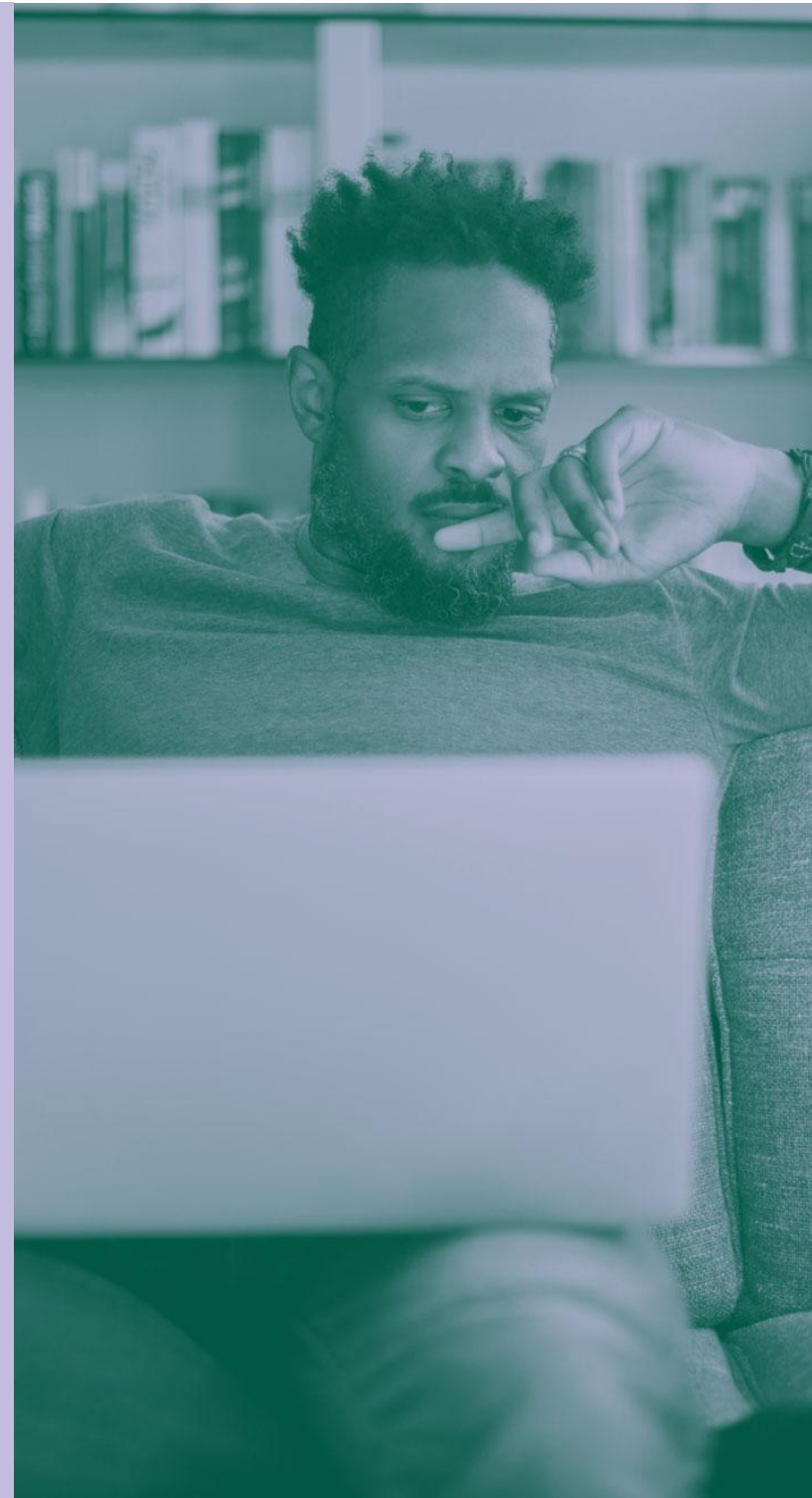


Annex 2

# Online Gambling

citizens  
advice

November 2022

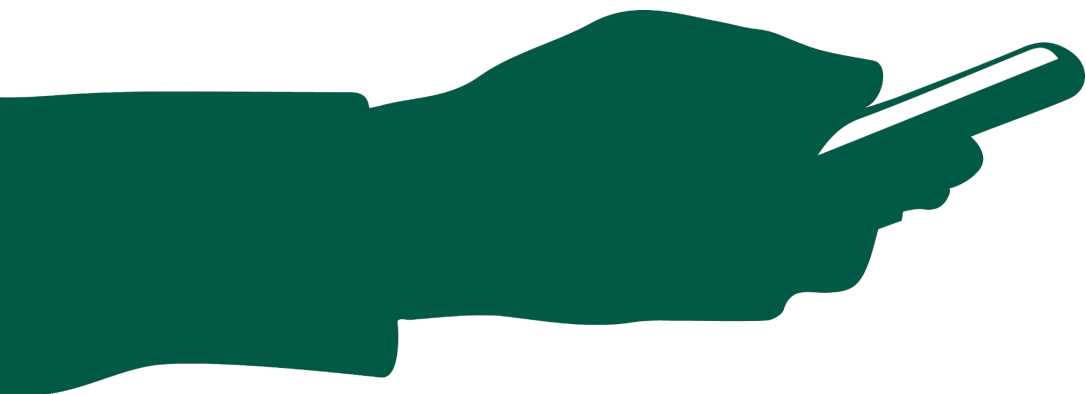


# Online gambling

The online gambling sector has seen rapid growth in recent years, and regulation that is fit for the task of protecting consumers in this expanding digital market has not kept pace with this growth.

This is a problem because online gambling, in contrast to in-person gambling in i.e. betting shops or casinos, offers gambling companies the ability to tailor the consumer journey in intricate detail, in such a way that inhibits consumer best-interest decision making. And the result is high levels of consumer detriment, in the form of regret, time and money lost and, for some, crippling debt.

This capacity for online-specific consumer detriment, and the ways in which design choices are implicated in this detriment, means **new fit-for-purpose regulation that takes design seriously as a frontier of consumer well being in online gambling, is urgently needed.**



## Recommendations

The forthcoming Gambling White Paper provides an excellent opportunity for the government to achieve this aim. Our three key recommendations indicate the areas that the government should be seeking to cover with this new piece of legislation:

- 1 DCMS should ensure the gambling white paper adopts 'safer by default' as standard practice for online gambling platforms** - mechanisms like reality checks, stake limits and deposit limits should apply automatically on sign up, with an option for customers to opt out, rather than having to opt in.
- 2 DCMS should look at how adaptive design features, which change according to consumer gambling habits, can be used to help protect the most vulnerable consumers.** For example, those currently in debt or at identifiable risk of falling into it should not be targeted with adverts, emails and notifications, nor should they be offered incentives or free bets to continue gambling.
- 3 The gambling white paper should also include a call for design changes that promote the best-interests of consumers, including:**
  - Increased clarity about when real gambling is happening, and real spend is taking place;
  - Limits on the number of offers and incentives each customer is exposed to in a given period;
  - Removal of all barriers to withdrawing winnings.

# Online gambling: a growing sector

Online gambling is a growing industry in the UK. The yearly Gross Gambling Yield from online gaming and betting – the total amount made by gambling operators after they have paid out winnings – generated £6.4 billion in the year April 2021 - March 2022, a 21% increase on the 2017-18 GGY for the sector.<sup>1</sup>

Research by the Gambling Commission shows that participation rates in online gambling have been steadily increasing year-on-year for the past 4 years, with 27% of UK adults gambling online in some form in the year to September 2022, compared to 18.4% in the year to September 2018. This includes a 2 percentage point increase in the year to September 2022, suggesting that there are factors beyond the Covid 19 lockdowns that are fuelling the increase in online gambling participation.<sup>2</sup>



£6.4 billion total GGY from online gambling

**£3.9 billion from online casino games**

Online casino games – such as poker, slot machines and roulette – accounted for £3.9 billion of the Gross Gambling Yield from online gambling in 2021-22.

Online gambling participation in the last four years has grown more quickly amongst certain demographics:



+7.9%

+9.2%



25-34

+4.5%

45-54

+14.5%

Participation amongst women has grown 9.2% compared to 7.9% amongst men.

Participation amongst 45-54 year olds has grown 14.5% compared to 4.5% amongst 25-34 year olds.



**Legislation and regulation of gambling in the UK has not kept pace with the rate of change that the rise of online gambling has brought. A critical examination of the design features of online gambling platforms, and the impact they have on the consumer experience, must be a core aspect of this work.**

# The harms we want to address

Falling into debt is the clearest example of consumer detriment that we might associate with online gambling. But there are several additional kinds of detriment that we see consumers regularly experiencing when they gamble online - and our evidence suggests that **these harms are in significant part the product of the way that online gambling platforms are designed**. The ability to tailor the consumer journey in intricate detail by designing online gambling platforms in certain ways, enables companies to **steer consumers towards options that keep them gambling and spending - often to the detriment of the consumer**.

Our polling data shows three key negative experiences associated with online gambling: **regret, time loss** and **money loss**.

**20% of people who gamble online say they find themselves regretting it all or most of the time.**

Regret levels are significantly higher for certain groups - for example, **2 in 5 who gamble between 1am and 9am say they regret gambling all or most of the time. And 37% of people who gamble at least once a day always or usually regret it.**

**42% of people who gamble online say they always or often lose track of time when they gamble.**

These rates are higher for people who engage in certain types on online gambling: **50% for non-sports betting** and **55% for online poker**.

People who play poker and bet on non-sports events are more likely than other groups to gamble between the hours of 10pm and 9am, suggesting another link between overnight gambling and consumer harm.

**38% of people who gamble online say they always or often spend more money than they intended to.**

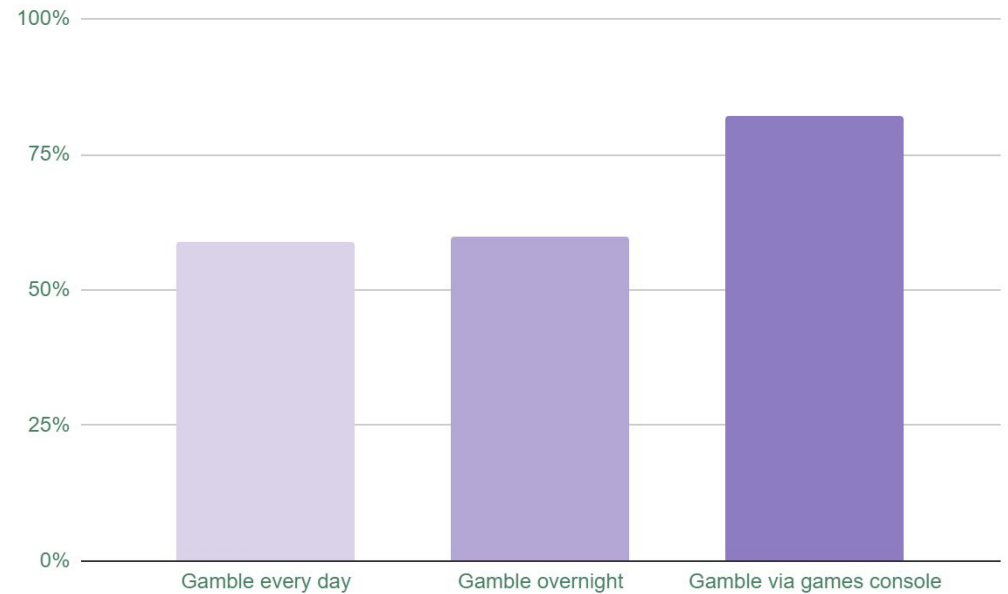
As with losing track of time, those who play online poker and bet on non-sports events report higher rates of spending more than they intended: 51% and 48% respectively.



**Particularly worrying regarding the issue of money loss is the fact that more than a third of all online gamblers report spending money without realising they were doing so.**

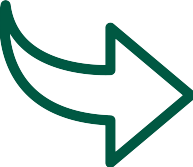
For certain groups of gamblers, the rates of spending without realising are eye-wateringly high – 59% of those who gamble every day, 60% of those who gamble between 1am and 5am, and 82% of those who gamble via games console report having spent money without realising they were doing so.

Levels of spend without realising amongst those who gamble every day, those who gamble 1am-5am, and those who gamble via games console.



Of those who report having spent money without realising while gambling online, **3 in 5 say this happened because they thought they were playing an ordinary game, or didn't realise the money in the game was real.**

### What this data shows:



Consumers are regularly spending money without realising it, spending longer gaming or betting than they intended to or realised, and gambling to the point where they regret it afterwards. This indicates that **consumers are often not able to make effective decisions, in their own interest**, about whether, when and how much to gamble. The **design of online gambling platforms is contributing to consumer detriment** by failing to help consumers exercise these kinds of decisions in as rational and considered way as possible.

# Tricks of the trade in online gambling platform design

There are 5 key aspects of platform design where online gambling companies are failing to promote consumer best-interest decisions:

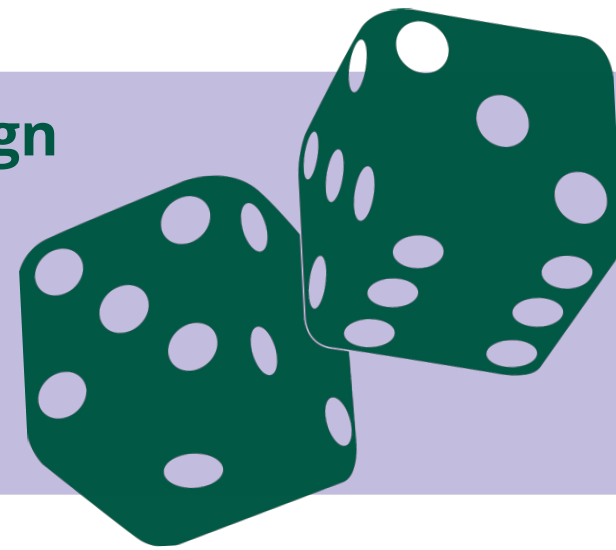
Opt-in safety features

Adverts, emails and notifications

Lack of clarity around 'real' gambling

Incentives, freebies and offers

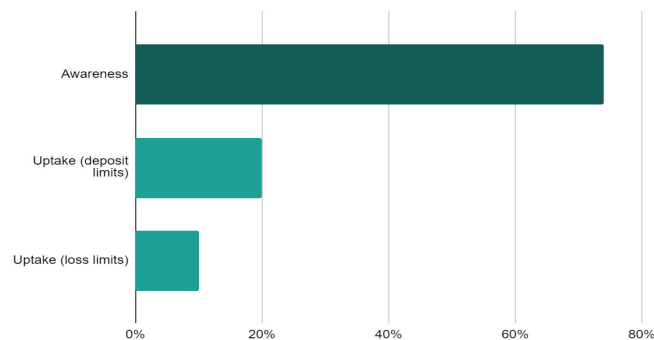
Barriers to withdrawing winnings



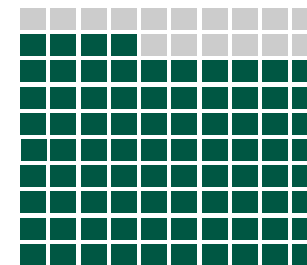
## ① Opt-in safety features

Most gambling sites offer a variety of 'opt-in' safety features - things that customers can choose to enable to try and help them stay in control of their gambling, such as deposit, stake and loss limits, money and time spent reminders, and short-term 'time outs'.

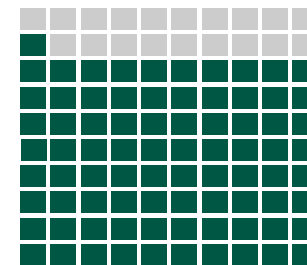
Our latest polling confirms what we have argued for in [previous research](#): that improving awareness of safety features, for example with better signposting, is not sufficient to guarantee strong levels of uptake. Consumers find safety measures effective at helping them to stay in control when they use them, but not many consumers do not turn them on, despite most people knowing that they are available.



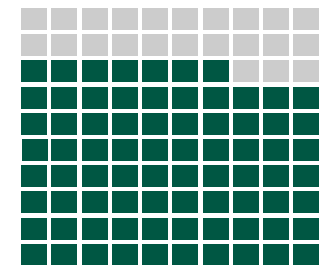
While 74% of online gamblers are aware of the available opt-in control measures on gambling platforms, uptake of these measures is much lower: 20% for deposit limits and 10% for loss limits, for example.



Money spent reminders



Short-term 'time outs'



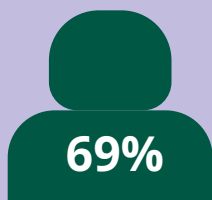
Time on-site reminders

This is despite the fact that most people who do make use of these measures say they find them effective in helping them stay in control whilst gambling: 84% find money spent reminders helpful, 81% find short-term 'time-outs' effective, and 77% find time spent on-site reminders effective.

## ② Adverts, emails and notifications

- ❑ Targeted adverts make gambling products appealing to specific consumers, **framing** gaming and betting in terms of fun and potential winnings rather than the seriousness of potential losses.
- ❑ Personalised emails make the content of communications more **salient** to individual consumers.
- ❑ Push notifications play on consumers' **impulsivity** by providing a quick, often one-click return to gambling.

69% of online gamblers report receiving an **email advertising gambling at least once a week.**



And 2 out of 3 say that the number of adverts for gambling they receive has **increased since they started gambling.**

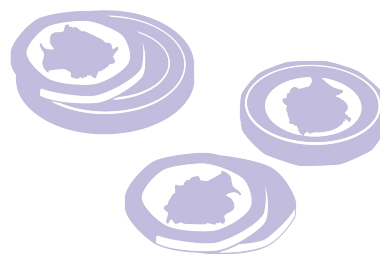


**More than half of those currently in gambling debt get gambling advertised to them at least once a day.**

## ③ Lack of clarity around 'real' gambling

- ❑ Purchases and real-money stakes are often integrated into otherwise non-monetised games and experiences, which **obfuscates** the potential loss. Such in-game purchases are often tied to maintaining winning streaks or staying top of a leaderboard, which **gamifies** the decision to spend real money.
- ❑ Framing online gambling currency in terms of tokens, chips or credits further **gamifies** expenditure, making it feel less real.

Behavioural audits of gambling sites show widespread use of **intermediate** currencies instead of real spend values.<sup>3</sup>



The same audits also revealed that 7 out of 10 online **gambling sites do not clearly display or communicate losses during gameplay**, potentially misleading consumers as to how much they have spent.

Accidental or unintentional spending is particularly high amongst those who gamble via games console or smartTV:

**82% and 80% respectively of those who gamble via games console or smartTV reported having spent money without realising, compared to only 35% of online gamblers generally.**





## ④ Incentives, freebies and offers

- ❑ Additional inducements and special offers are made to consumers to incentivise continued gambling.
- ❑ Free bets **frame** gambling participation exclusively as a positive for the consumer, and may influence their **mental accounting**; meanwhile offers of getting money lost back as a free bet play on our **loss aversion** bias.
- ❑ **Time limits** attached to offers pressure consumers into accepting them.

### Amongst online gamblers who experience high levels of detriment, uptake of incentives and offers is very high.

78% of those who always regret gambling after the fact report always or often taking up offer of free bets.



And 68% of those currently in gambling debt always or often taking up offers of money back as a free bet in the case of a loss.

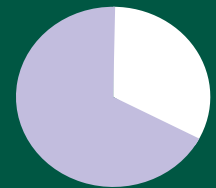


Over 40% of Local Citizens Advice advisers report clients explicitly connecting their problematic gambling habits to free bets and offers.<sup>4</sup>

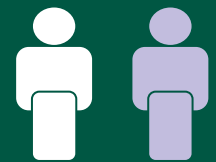
## ⑤ Barriers to withdrawing winnings

- ❑ Putting conditions on withdrawing winnings from online accounts discourages the decision to stop gambling by pushing people towards the **path of least resistance**.
- ❑ Requirements to place another bet or play another game before withdrawing winnings increase the likelihood of consumer **impulsivity** (and sometimes addiction) drawing them back into gambling participation.
- ❑ Practices like charging inactivity fees on money left in an account work in tandem with barriers to withdrawing winnings: withdrawing is made difficult, and retaining a balance without gambling is made costly.

Almost one third of online gamblers reported having to either **place another bet, deposit more money or start another game before they could withdraw their winnings** from an online account.



For those who gamble at least once a day, the figure was nearly half (48%).





# Online gambling customer journey



## Background to play

Consumers received targeted adverts, personalised emails and push notifications directly to their devices, which highlight potential winnings and frame gambling as fun.



## Setting up accounts

Consumers can set up multiple accounts with minimal checks or verification. Safety features are off by default - consumers must actively enable them.

## Beginning gambling

### Modes of play

Consumers try to stay in control of their gambling while they play - this is made more difficult depending on how often they gamble, when the gamble, and the number and type of devices they use to play

### Consumer harm accrues

As customers gamble over a sustained period, they become more likely to experience significant levels of regret, as well as spend more time and money gambling than they intended to.

### Barriers to stopping

#### + Incentives to continue

Consumers have to meet certain conditions to withdraw their winnings, and are offered incentives to continue playing - both of which disincentivise stopping gambling

This in turn increases the likelihood that they will **play for longer periods, play more frequently**, and—as they lose more money—**open additional accounts** to try to make up losses.

A combination of **barriers** and **incentives** steers consumers towards continuing to gamble.

## Conclusion

The design of online gambling platforms makes it easy to start spending money and difficult to stop. Customers are steered towards longer and more frequent play by various mechanisms, which increases their chances of experiencing higher levels of detriment in the form of regret, money and time lost, and debt.

# Online gambling in a cost-of-living crisis

As we approach a winter of soaring energy bills, hiked mortgage and rent payments, and increases in the cost of basic food and grocery items, many are sounding the alarm about the impact on gambling behaviours of escalating pressures on peoples' budgets.

Data from our Local Citizens Advice offices, along with emerging evidence from other sources, confirms this worrying picture.

**Over a third of advisers in Local Citizens Advice offices report seeing clients who are gambling to try and improve their financial situation.**<sup>5</sup> This mirrors the increasing number of callers to the National Gambling Helpline who are turning to gambling as a way to try make extra money to cover the cost of spiralling essential bills.<sup>6</sup>



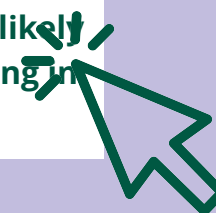
Recent Opinium polling for GambleAware revealed **amongst women who gamble, nearly half reported that they do so in the hope of winning money to help with the cost of living.**<sup>7</sup>

Local Citizens Advice data also suggests that online gambling specifically is playing a significant role in fuelling current rates of gambling-related debt:



**Over 80% of clients Citizens Advice have helped with debt related to a specific form of gambling in the first 9 months of 2022 had fallen into debt through online gambling.**<sup>8</sup>

**LCA advisers confirm this: 72% of surveyed advisers reported that clients struggling with gambling debt or other gambling related harms are more likely to be gambling online than gambling in person.**<sup>9</sup>



# On the front line: the impact of gambling harm on struggling consumers

Below are just a few examples of the kinds of detriment and harm that online gambling, in combination with the worsening cost-of-living crisis, is causing to consumers.<sup>10</sup> Whilst not all the harm experienced by these individuals is the product of poor design specifically, these cases show **how the the financial vulnerability consumers experience during periods of crisis can be exacerbated by online gambling platforms that are not designed to promote consumer best-interest decisions.**

## **Annette\*, a parent of 6, is gambling to try and cover their essentials shortfall**

Due to the rising cost of living, and low income due to benefit caps, Annette has been struggling to afford essentials such as clothing and footwear for their children, topping up the gas and electricity meter, as well as basic food items. They have been dependent on charitable support and their family to manage, which has had a substantial negative impact on their wellbeing. This in turn has led them to gamble in an attempt to generate additional income. Annette is now finding it hard to stop gambling and is worried they are becoming addicted.

## **Max\* has a gambling addiction, and has been gambling since they were a teenager**

Max's addiction is getting out of control and has caused them to lose a vast sum of money that they would have otherwise been able to buy a house with. Although they earn a decent salary and currently do not have any debt, they are worried about how their situation could change if they cannot stop gambling - they fear they could end up homeless, unemployed and in serious levels of debt.

## **Selma\* sees a correlation between their social isolation and their addiction to online gambling**

Selma's compulsion to gamble arises as a distraction in the face of very few positive and affordable social opportunities. In turn, their addiction has serious negative consequences such as unaffordable debt, suicidal thoughts in the past, relationship/family breakdown, loss of employment and social exclusion. These consequences in turn perpetuate the negative emotions that make Selma want to gamble.

\*Names changed



# Remedies

Bad design that contributes to consumer harm can be replaced with good design that promotes consumer best-interest decision making.

For the **five design tricks** we have identified in the design of online gambling platforms, we recommend the following **five design remedies**:



## Design trick

## Remedy

### OPT-IN SAFETY MEASURES



A **suite of safety features** - deposit, stake and loss limits, regular reality checks and 'time out' breaks - **on as default** whenever someone signs up to an online gambling account.

### ADVERTS, EMAILS AND NOTIFICATIONS



Adaptive communications, whereby a **consumer is automatically opted-out of receiving emails and notifications for gambling** if they are in **debt** or displaying signs of **problem gambling**.

### LACK OF CLARITY AROUND 'REAL' GAMBLING



Increased clarity about when real money is and isn't being spent - including **limiting use of virtual currencies and making any transition from free gaming to paid gaming very clear**.

### INCENTIVES, FREEBIES AND OFFERS



**Limits on the number of incentives and offers a customer can receive** in one gambling session, with the removal of any time-limits placed on such offers.

### BARRIERS TO WITHDRAWING WINNINGS



The **removal of undue and punitive barriers to withdrawing winnings**, with any remaining conditions - such as having a minimum deposit amount in your account - being clearly and explicitly communicated to consumers when depositing money.

# References and bibliography

Citizens Advice commissioned Savanta to survey 2014 UK adults (18+) who had gambled online in the 3 months prior to polling, about their gambling habits, their experience with various aspects of gambling platform choice architecture, and the harms they may be experiencing as a result of their gambling. Survey participants were selected using quota targets (across age, gender, region) to ensure the research was in line with the gambler audience identified in previous research. Fieldwork took place online between 25th March and 2nd April 2022. All figures used in this annex are from Savanta polling unless otherwise stated.

1. Gambling Commission: [Gambling Industry Statistics: April 2015 to March 2021](#). GGY for online casino games cited on this page also comes from this report.
2. Gambling Commission: [Survey data on gambling participation, September 2022](#). Participation changes amongst different demographics cited on this page also come from this report.
3. Behavioural Insights Team - Gambling Policy and Research Unit: [Behavioural Risk Audit of Gambling Operator Platforms, Findings Report 2022](#).
4. Survey of advisers at Local Citizens Advice offices, October 2022.
5. Ibid.
6. YouGov nationally representative survey of 4000 adults across the UK, commissioned by GamCare June 2022. Report available [here](#).
7. Opinium Research survey of 1,606 women aged 18-49 who have gambled in the last month, commissioned by Gamble Aware August 2022. Report available [here](#).
8. Internal Citizens Advice data, January - September 2022.
9. Survey of advisers at Local Citizens Advice offices, October 2022.
10. All examples are based on clients that have visited their Local Citizens advice office in the past year for help with gambling-related harms and debt.



# Citizens Advice helps people find a way forward.

We provide free, confidential and independent advice to help people overcome their problems. We're a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

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