



26 July 2018

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

By email to: ec.sen@aph.gov.au

Dear Committee Secretary

Re: Gaming micro-transactions for chance-based items

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) welcomes the opportunity to provide feedback to the Senate Standing Committees on Environment and Communications regarding gaming micro-transactions for chance-based items. In particular, the RANZCP wishes to address whether the purchase of chance-based items – combined with the ability to monetise these items on third-party platforms – constitutes a form of gambling.

The RANZCP is the principal organisation representing the medical speciality of psychiatry in Australia and New Zealand and is responsible for training, educating and representing psychiatrists on policy issues. The RANZCP represents more than 6000 members, including more than 4000 qualified psychiatrists and over 1500 members who are training to qualify as psychiatrists. The RANZCP is guided on policy matters by a range of expert committees, including the Faculty of Addiction Psychiatry.

Addictions, including problem gambling, are widely recognised as health issues. Pathological gambling was first included as a disorder in the International Classification of Diseases (ICD) in 1977 and is included in the ICD-11 under disorders due to substance use or addictive behaviours. The fifth edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM-5) also included gambling disorder as a new category on behavioural addictions, reflecting research to suggest that gambling disorder is similar to substance-related disorders in clinical expression, brain origin, comorbidity, physiology and treatment.

Addictions are also associated with significant morbidity and mortality across both physical and mental health dimensions. Approximately 90% of people diagnosed with problem gambling have at least one other mental health diagnosis and approximately 30% have three or more diagnoses. Psychiatrists have an important role in identifying and diagnosing problem gambling, as well as any other underlying, comorbid mental illness. In some instances these will be a consequence of the gambling behaviour and will improve when gambling is controlled or ceased. In other cases, gambling may be a way of managing pre-existing mental health issues. For instance, research suggests that mood and anxiety disorders may often precede gambling problems for some people, but others may develop depression as a result of the financial and relationship stress arising from gambling.



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While further research is required to ascertain whether micro-transactions for chance-based items constitute gambling from a medical perspective, there are a number of similarities which are concerning. It should also be noted from the outset that children and adolescents are likely to be exposed to the risks associated with micro-transactions, considering their increasing presence in a wide range of online and mobile games that appeal to younger audiences. Considering the developmental vulnerabilities of younger people, the following factors may therefore be all the more concerning.

Firstly, the variable ratio reinforcement schedule which underpins many gambling models similarly underpins the model of chance-based items. This involves a reward structure wherein users do not know how many purchases are required to obtain the item sought, leading to the rapid acquisition of repeated behaviours in the search of a reward (Drummond and Sauer, 2018). Concurrent with these behaviours are the adaptation of neural dopamine pathways which further encourage these behaviours (Murch and Clarke, 2015). While most people who engage in gambling activities with a variable ratio reinforcement schedule do not develop problem gambling, many do, and these are likely to be people with pre-existing vulnerabilities. This risk is likely to be similar with games which involve micro-transactions for chance-based items, as both are based on a similar reinforcement schedule.

Secondly, micro-transactions can reinforce and perpetuate continued play thus sustaining ongoing spending by way of 'entrapment'; that is, when an individual believes that they have invested too much to quit (King and Delfabbro, 2018). This is similar to 'chasing losses' in traditional gambling and people who engage in micro-transactions often report their primary motivation as a desire to extend play, as well as an aim to chase lost credits and to speed up play (Kim, Hollingshead and Wohl, 2017). The risk of 'entrapment' occurring may even be more likely with micro-transactions as the virtual nature of the transactions may be such that costs do not appear as immediate or salient as in traditional gambling (King and Delfabbro, 2018).

Thirdly, some of the mechanisms used in electronic gaming machines (EGMs) are being increasingly used in games which involve micro-transactions for chance-based items. Like EGMs, micro-transactions often encompass rapid playing speeds combined with rapid (or in the case of micro-transactions, immediate) payouts, the potential to quickly and easily multiply bets/transactions, and audiovisual effects to enhance the gam(b)ling experience. Although further research is required to gauge the level at which these properties may encourage addictive behaviours in micro-transactions, there is some evidence to suggest that these properties may be associated with addictive behaviours in EGMs (Gambling Research Australia, 2014).

Fourthly, the ease with which gaming platforms utilising micro-transaction business models can be accessed bears similarities with the rise of interactive and online forms of gambling. New gamblers are more easily recruited online, especially young people who are highly involved in web-based activities and who already have particular vulnerabilities with regard to problem gambling. In addition, online gambling sites are accessible 24 hours a day and do not require the person to leave their home. Mobile and internet games which involve micro-transactions for chance-based items carry many of these same risks.

Finally, it is important to note that gaming disorder has recently been recognised in the ICD-11. Individuals with gaming disorder are likely to be vulnerable to associated behavioural



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addictions including problem gambling with potential overlap between gambling and gaming disorders. As such, people with gaming and/or gambling disorder may be particularly vulnerable to developing addictive behaviours towards micro-transactions involving chance-based items available within the games they play. This is particularly, though not exclusively, so when those rewards are important for gameplay, especially when the importance of those rewards render the game 'pay-to-win'.

The RANZCP recognises that there may be significant jurisdictional issues with regulating games which offer chance-based items. As such, the RANZCP would defer to relevant legal experts in determining the most appropriate regulatory framework for in-game micro-transactions for chance-based items. However, further information about the RANZCP's views with regard to regulating more traditional gambling products may be found in our recently updated [Position Statement 45: Problem gambling](#).

If you would like to discuss any of the issues raised in the submission, please contact Rosie Forster, Executive Manager, Practice, Policy and Partnerships via [email](#) or by phone on [1800 000 000](#).

Yours faithfully

Dr Kym Jenkins
President

Ref: 1180o

References

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