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**Submission of the Synod of Victoria and Tasmania, Uniting Church in Australia to the Senate Standing Committees on Environment and Communications Legislative Committee into the *Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill***  
**29 April 2021**

The Synod of Victoria and Tasmania, Uniting Church in Australia, welcomes the opportunity to provide a submission to the Senate Standing Committees on Environment and Communications on the *Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020*. We request that the Committee recommend that the Parliament pass the Bill into law.

Prohibiting the use of credit cards for gambling is likely to have a significant benefit for many of the people being harmed by gambling and who currently bet with their credit cards. It is also expected to cause a minor inconvenience for people who use their credit cards to make low value and occasional bets. The online wagering corporations will still be able to accept payment by debit cards or by accounts topped up by transfers directly from bank accounts.

Credit card gambling facilitates people losing money they do not have. People can lose everything they own to the online gambling businesses and then go further into debt through credit card gambling.

The penalties in the Bill need to be sufficiently high that online wagering companies will be deterred from accepting credit card payments. If they are insufficient, an online wagering corporation may assess that the profit to be made from accepting credit card bets from people in Australia outweigh the penalty for doing so, with the fine simply being a cost of doing business.

The Synod recommends that the Committee examine if the definition of “credit card” in the Bill is sufficiently broad to avoid being exploited by unethical online wagering corporations. When the UK introduced their ban on credit card betting some online gambling corporations responded by allowing people to gamble using credit via a pay-by-phone option that they promoted.<sup>1</sup> The definition also should extend to e-wallets and all money service business products that allow for the use of credit.

Debt is a common outcome for people already being harmed by gambling. Debt problems are a more severe subtype of financial harm and are posited to be the primary indicator of financial

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<sup>1</sup> Dan Whitworth, ‘Gambling loophole ‘must be shut down’’, BBC News, 5 June 2020.

impairment in gambling disorder.<sup>2</sup> Research has shown that personal unsecured debt correlates strongly with mental health problems.<sup>3</sup>

Financial harms, including debt problems and bankruptcy, are among the most common harms reported by those who have been harmed by gambling.<sup>4</sup>

As an example, Financial Counselling Australia reported the case of 'Max', who was a senior employee in a large finance corporation. He was spending \$2,000 per bet on weekend sporting games through online sports betting. He was sent incentives by an online sports-betting business to entice him to gamble more and his bets went up to \$5,000 per bet. One weekend, Max bet \$250,000 on a single game and lost. He placed a second \$250,000 bet that same weekend and lost that as well. In total, he had lost \$670,000 to the sports betting business. The sports betting business then froze his account. On Monday morning, Max told the company he worked for that he had embezzled money to be able to gamble. He was prosecuted and sent to prison. He now has no assets. A financial counsellor assisting him discovered he had a further \$200,000 of unsecured debt on credit cards which were generated through his gambling on sports events.<sup>5</sup>

They reported a second case of 'Pete', a young adult living at home, who used his parents' credit card one weekend and lost a few thousand dollars through an online sports betting corporation. He knew his parents would find out when they checked their account. He took his own life, leaving an explanatory note apologising and explaining his shame.<sup>6</sup>

Credit card debt is more expensive than many other types of debt, adding to the harm people experience when gambling has already caused harm in their lives. As stated by the UK's Responsible Gambling Strategy Board "the cost of gambling with a credit card is so high that it is hard to envisage why consumers would choose to pay in that way unless it was to gamble with money not otherwise available to them."<sup>7</sup>

Work by researchers Swanston and Gainsbury published in 2020 found there had been little empirical investigation of patterns of credit betting by people, despite borrowing money being a diagnostic criterion for gambling disorder and financial harms being one of the most commonly reported harms.<sup>8</sup> They found the research suggests that credit betting and debt problems increase with problem gambling severity.<sup>9</sup>

They further reported that gambling-related debt problems increase the likelihood of experiencing poor psychosocial functioning, including psychological stress. Gambling-related debt problems

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<sup>2</sup> Thomas B. Swanton and Sally M Gainsbury, 'Gambling-related consumer credit use and debt problems: a brief review', *Current Opinion in Behavioural Sciences* **31**, (2020), 21.

<sup>3</sup> Thomas B. Swanton and Sally M Gainsbury, 'Gambling-related consumer credit use and debt problems: a brief review', *Current Opinion in Behavioural Sciences* **31**, (2020), 22.

<sup>4</sup> Thomas B. Swanton and Sally M Gainsbury, 'Gambling-related consumer credit use and debt problems: a brief review', *Current Opinion in Behavioural Sciences* **31**, (2020), 21.

<sup>5</sup> Financial Counselling Australia, 'Duds, Mugs and the A-List', August 2015, 7.

<sup>6</sup> Financial Counselling Australia, 'Duds, Mugs and the A-List', August 2015, 8.

<sup>7</sup> Thomas B. Swanton, Sally M. Gainsbury & Alex Blaszczyński, 'The role of financial institutions in gambling', *International Gambling Studies*, (2019), 5.

<sup>8</sup> Thomas B. Swanton and Sally M Gainsbury, 'Gambling-related consumer credit use and debt problems: a brief review', *Current Opinion in Behavioural Sciences* **31**, (2020), 21.

<sup>9</sup> Thomas B. Swanton and Sally M Gainsbury, 'Gambling-related consumer credit use and debt problems: a brief review', *Current Opinion in Behavioural Sciences* **31**, (2020), 21.

also increased the probability of adverse family impacts, involvement in crime and possibility of suicide.<sup>10</sup> Gambling-related debt problems are associated with alcohol-related problems.<sup>11</sup>

A UK survey of gamblers found that those in the worst categories for harm made up 47 per cent of those using credit cards to gamble. By comparison, only 8 per cent of those gamblers who had no problems with their gambling used credit cards.<sup>12</sup> Another study that looked specifically at gamblers who were experiencing harm identified that 49 per cent of these gamblers were using credit cards to fund their gambling.<sup>13</sup>

In Australia, similar results are also found. Financial Counselling Australia submitted to a Senate inquiry in 2017 in which it reported that gambling clients frequently have multiple credit cards and had run up tens of thousands of dollars of debt.<sup>14</sup> Credit card debt functions as additional financial and psychological harm to those gamblers who already experience harm from their gambling.

A prohibition should be implemented as soon as possible to stem the harm credit card betting is causing. The only delay should be a reasonable period it takes for online wagering corporations to inform their customers that the change is happening. Financial institutions that issue credit cards should also be encouraged to inform their customers of change created by the Bill should it be passed through the Parliament.

The Synod also notes the positive trend towards an increasing number of credit card issuers forbidding their cards being used for gambling transactions in order to reduce gambling-related harm experienced by their customers. Macquarie Bank, Citibank, Suncorp, the Bank of Queensland and Bank Australia have implemented a position that they will not allow people to use credit cards for gambling.

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<sup>10</sup> Thomas B. Swanton and Sally M Gainsbury, 'Gambling-related consumer credit use and debt problems: a brief review', *Current Opinion in Behavioural Sciences* **31**, (2020), 21.

<sup>11</sup> Thomas B. Swanton and Sally M Gainsbury, 'Gambling-related consumer credit use and debt problems: a brief review', *Current Opinion in Behavioural Sciences* **31**, (2020), 23.

<sup>12</sup> UK Gambling Commission, 'Consultation on gambling with credit cards', 2019.

<sup>13</sup> E. Nash, N. MacAndrews, & S. Edwards, 'Out of luck: An exploration of the causes and impacts of problem gambling'. London: Citizens Advice, 2018.

<sup>14</sup> Thomas B. Swanton, Sally M. Gainsbury & Alex Blaszczyński, 'The role of financial institutions in gambling', *International Gambling Studies*, (2019).