



Parliamentary Joint Committee on Corporations and Financial Services

Inquiry into the regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia

June 2021

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About this submission

This is a joint submission from Financial Counselling Australia (FCA), Consumer Action Law Centre and Financial Rights Legal Centre.

While gambling is a legitimate form of entertainment for many Australians, gambling should not be funded by credit. We therefore call for a prohibition on the use of credit cards, including via e-wallets, for digital gambling.

A prohibition on using a credit card for online gambling would be an effective and practical way to further limit the harm.

About the case studies

Names of people in the case studies have been changed.

1 Context

Online gambling has changed the way people in Australia gamble and COVID has accelerated these changes. During the 2020 lockdowns, unlike in the UK, Spain, Sweden and other European countries, Australia's governments and gambling regulators took no special actions to curb gambling expenditure. When physical venues closed, gambling moved online. A joint study by credit bureau Illion and analytics firm AlphaBeta reported a 67 percent rise in online gambling during the first week of April 2020.¹ A few weeks later, NAB's transactional analysis showed gambling spend up 62.7% from the same four-week May period the previous year. This was up 50.7% from January.²

In August 2020, Flutter Entertainment announced that Sportsbet's operating profit was up 108%, for the six months to 30 June 2020 compared to the same period the year before.³ Entain, the conglomerate with a market capitalisation of £9.71 billion, that owns Australian brands Ladbrokes and Neds, reported strong Australian online revenue growth of 55% in 2020, compared to only 3% in Germany, 27% in the UK.⁴

In financial counselling casework, we are now seeing the other side of these record industry gains. We're seeing mostly men losing huge sums of money gambling online. The speed of losses with online gambling is different to the pokies. The online cohort are losing so much more in a very short period. Some clients tell us that it doesn't seem like real money until it has all gone. When their own wages or savings are gone, they turn to credit and this is where the harm is compounded. Clients commonly present having multiple credit cards, with some having as many as 10 or even 15. Others have been able to easily increase their credit limits, despite it being evident they are borrowing for debt financed gambling. They are paying interest rates up to about 27% on these cards.

Some have used a card belonging to a family member or their workplace, abetted by some wagering companies turning a blind eye and not caring that the name on the card does not match their customer's account name. For some people, gambling is a deliberate and calculated form of family violence. For others, it is part and parcel of a terrible struggle with their addiction. A substantial number of people with issues associated with gambling receive sentences for fraud.

One man told FCA

"I was glad that I went to prison. I couldn't stop. I didn't know how to stop."

His Australian licensed gambling company had reported him to police for paying with a cheque that it credited to his gambling account, before the money was cleared.

¹ [Global Online Gambling Market Report 2020-2025 - COVID-19 has Led to a Sudden Rise in Revenues with Some Studies Reporting 67% Increase - ResearchAndMarkets.com](#), October 23, 2020, [Businesswire.com](#)

² NAB Economics Data Insights: Impacts of coronavirus on consumption based spending and business payment inflows, June 2020, <https://business.nab.com.au/wp-content/uploads/2020/06/nab-economics-data-insights-6-june-2020.pdf>

³ Digital betting shift delivers huge Sportsbet profit, *The Australian*, 27 August 2020, <https://www.theaustralian.com.au/business/companies/digital-betting-shift-delivers-huge-sportsbet-profit/news-story/474d70966b73fc275181c427fa1dc2b0>

⁴ Entain revenue flat in 2020 amid year of change, [igamingbusiness.com](https://igamingbusiness.com/entain-revenue-flat-in-2020-amid-year-of-change/), 4 March 2021, <https://igamingbusiness.com/entain-revenue-flat-in-2020-amid-year-of-change/>

For some time, people in Australia have been the world's biggest gamblers per capita, losing \$24 billion a year.⁵ The most recent snapshot of gambling in Australia shows that when averaged out across the adult population, Australians bet almost \$11,000 per person. The losses, however, are overwhelmingly incurred by a smaller subset of people. These 'losing gamblers' are invited into the VIP marketing program, where they are groomed to keep losing.

We are extremely concerned about the rise in gambling, particularly when people are dealing with the impact of the pandemic. However, we are even more concerned about debt financed gambling, including via ubiquitous credit cards.

While a person affected by gambling may lose all of their money, the harm is compounded considerably when they now owe debt(s). The losses are exacerbated by interest, fees and other charges. Debt collectors pursue these debts for many years. Others go bankrupt, which has its own fallout for the creditors and the person bankrupting.

There is a community expectation that there are consumer protections in place to protect people from harm caused by financial products and services. Our current responsible lending laws offer some protection to people who use credit to gamble, and provide redress where lenders offer credit that is clearly unaffordable or unsuitable. It is critical that our responsible lending protections are maintained.⁶

FCA's 2015 report '[Duds, Mugs and the A-List](#)' highlighted how online sports betting companies lure people in Australia to gamble more than they can afford to lose. It catalogues what harmful gambling in Australia looks like from a consumer debt perspective. The harm is immense. All the case studies financial counsellors included in the report were linked to licensed Australian operators, not the 'illegal offshore operators' that the Australian industry often likes to point the finger at.

The report predicted that online sports betting would grow exponentially. At that time the most harmful practice was gambling operators directly providing credit to people for gambling, and then pursuing the debts through the courts, including using forced bankruptcy.

Thankfully, in March 2018 the Federal Government legislated to prohibit gambling companies offering credit for gambling.

The report noted at the time that credit card lending was just as problematic, and it has continued to be a driver of harm. In fact, any form of debt financed gambling is likely to end badly.

1.1 Existing voluntary bans by Australian financial institutions

Most banks still allow credit cards, including the four big banks, to use credit cards for gambling. There are only a small number of providers that allow consumers to block gambling

⁵ <https://www.abc.net.au/news/2018-10-20/australia-grows-destructive-love-affair-with-sports-gambling/10396984>

⁶ There is currently a Bill before the Parliament to unwind the responsible lending laws. See *National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020*.

transactions on credit cards. Most people will not 'shop around' for this feature. Instead, we see people with gambling addictions shopping around for banks that will give them more credit cards. That is the nature of addiction. A few people receiving help for their addiction might seek out a bank with suitable products with embedded blocks, but when relapsing will move funds to one of the other banks.

Our current patchwork of protection is still allowing too many people to fall through the cracks.

In the past two years, several financial service card providers have stopped their cards from being used for gambling and we applaud the proactive stance from these companies. They include Macquarie, Bank Australia and Latitude.

Citicorp and others sharing the Citicorp card technology (e.g. Suncorp, Bank of Queensland, Virgin Money) have long blocked gambling on their cards as their cards were set up to comply with laws in the United States. American Express has also blocked gambling on its cards.

The big four banks have not embedded gambling blocks across all their cards. However, some offer the occasional card that has gambling blocked, such as Westpac's Lite credit card.

NAB, Westpac and ANZ now allow users to self-block gambling transactions through their apps. Commonwealth Bank still requires people to phone up and talk to someone to implement its block and take up is very low. Few people are wanting to tell strangers about their gambling problems. It is easy for users to remove the block with a short time lag by calling or visiting a branch. Most people don't remove the block. But those that do are probably the most vulnerable. Most people do not know about the blocks and the banks have not actively promoted them.

The reason we are seeking a comprehensive legislated solution (as in the UK), is because credit card providers have not been, and will not be, able to deliver a consistent, industry-wide response. We need a comprehensive block on credit cards being used for all card providers, not just the enlightened ones. The problem requires a consistent, comprehensive response, not a piecemeal one.

1.2 The solution is legislation, not a mandatory industry code.

The solution needs a legislated prohibition that bans accepting, facilitating or promoting credit card payments for gambling. This is the only way it can work. The gambling operators need to have an incentive not to work around the prohibition by coming up with new 'one step removed' payment solutions.

In the last section of this submission, we discuss the use of vouchers, which has come about as a gambling industry work-around, and any new legislation must go that one step further as we have the benefit of learning from the UK experience. In the current environment, you can use your credit card to buy a gambling voucher (like a gift card) that can be used for gambling. This work-around is promoted on the gambling operator websites.

We recommend a legislated solution over a mandatory industry code. Our concern is that a mandatory code would struggle to capture all of the relevant players in this space, for example, banks, non-bank lenders, international firms, fintechs and e-wallet providers. As the regulation and licensing requirements for these industries is inconsistent, it would be difficult to find a 'hook' to mandate membership of, and compliance with, an industry code. Furthermore, it would be more difficult to attach appropriate penalties for non-compliance compared to a legislated solution. If the ban was legislated, there could be civil and/or criminal penalties attached to individual contraventions.

2 Gambling should not be debt financed

If a friend came to you and said "mate, loan me \$50,000 for a bet on a 'sure thing' horse. I know it is going to win and I'll pay you straight back" we'd intuitively know that lending that money would be a foolish thing to do, as gambling most often ends with losses and harm. It is critical that legislation provides the same level of intuitive rational analysis to regulating gambling with consumer credit, including ubiquitous credit cards.

We strongly support the Committee's inquiry into regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia. While gambling is a legitimate form of entertainment for many Australians, gambling should not be funded by credit in any form.

Financial counsellors see a range of financial institutions providing credit for gambling. Credit cards are mostly commonly used. But we also see personal loans being offered to customers with obvious gambling issues, re-drawing on mortgages (often without a partner's consent even for joint mortgages), and even PayPal gambling debts incurred despite PayPal not being licensed to provide credit. We have documented these bank-gambling lending issues in earlier submissions and draws your attention to the following:

- [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry: Issues Relating to Gambling](#)
- ABA Consultation: [Consultation Paper – Use of credit cards for gambling transactions](#)
- Senate Committee Inquiry: [Interactive Gambling Amendment \(Prohibition on Credit Card Use\) Bill 2020.](#)

Why are we focusing on credit cards?

At this point, we are focusing on credit card gambling because credit cards are ubiquitous.

Financial counsellors see people with multiple cards, up to 15 credit cards. They are easy to get, expensive to pay off, and widely used in online gambling. They are not the only damaging form of debt financed gambling, but they are a good place to start. Removing credit card gambling (including via e-wallets) will help to reduce gambling-related harm.

We urge the Government to ban the use of credit cards for gambling, in line with the position on problem gambling that was taken to the 2013 election by the Liberal party:

“Responsible gambling is all about people gambling within their means. Extending lines of credit to gamblers runs contrary to this principle and the Coalition will legislate to prohibit the practice.”⁷

Gambling has traditionally never been an acceptable purpose for getting a loan. There are well established reasons for lenders not to lend for gambling, including that the money is likely to go missing because of gambling; the lost money may cause hardship in repaying the loan; gambling is addictive and can cause gamblers to chase losses; and gamblers also use non-traditional credit like loans from mates and loan sharks operating outside of the law.

In addition, consumer loans are subject to responsible lending laws. Lenders must undertake a comprehensive assessment of whether the loan is ‘not unsuitable’ for the borrower. Given the high risk of significant loss involved in gambling, a loan for gambling purposes should not typically be provided.⁸

Responsible lending laws also provide some protection for people struggling with gambling addiction as they should be prevented from obtaining additional, unsuitable credit cards. However, a person is not prevented from using their existing credit cards for gambling purposes at a later date. Responsible lending assessments occur only at the time of issuing a card, or providing a credit limit increase.

Lending for gambling represents an elevated risk for a customer and society because gambling is high risk, causes harm not only to the person gambling but a wider group, and because gambling and crimes of fraud, are often intertwined.

Appendix 1 has case studies illustrating some problems associated with credit cards and gambling.

3 Credit cards exacerbate gambling-related harm

There is a community recognition that people need practical protections from gambling addictions. People experiencing gambling-related harm will actively seek to continue gambling and secure new sources of funding—gambling is a pernicious addiction.

As demonstrated in the ABA’s [Every Customer Counts Consultation Report on the use of credit cards for gambling transactions](#), the community expects and support credit cards being prohibited for use in online gambling.⁹

⁷ The Coalition’s Policy to Help Problem Gamblers, August 2013, page 2; <http://lpaweb-static.s3.amazonaws.com/The%20Coalition%E2%80%99s%20Policy%20to%20Help%20Problem%20Gamblers.pdf>

⁸ <https://www.ratecity.com.au/personal-loans/articles/disclose-loan-purpose>

⁹ According to the YouGov survey commissioned by the ABA in 2020, 81% of Australians thought gambling on credit cards should be restricted or banned.

See. <https://www.ausbanking.org.au/wp-content/uploads/2020/12/Every-Customer-Counts-Consultation-Report-Use-of-Credit-Cards-for-Gambling-Transactions.pdf>

3.1 Credit cards are easy to obtain and to use for gambling

Unfortunately, it is relatively easy to get a credit card, even for those whose bank statements are littered with hundreds of gambling transactions. Most clients with gambling issues present to financial counsellors with multiple credit card debts, from a range of banks and financial institutions. Some of these cards might have been issued many years ago, yet the accounts remain open and limits are available to draw down on.

After obtaining a credit card, getting a limit increase can also be relatively easy, especially as limit increases can be applied for online with most banks. Despite the Financial Services Royal Commission, and the heartbreaking testimony of [David Harris pleading with the Commonwealth Bank](#) not to be given more credit, we are still seeing that cards and limit increases are being given to people when they shouldn't, including to people with clearly identifiable gambling issues. Despite Australia's legislated responsible lending protections, and some post-Financial Services Royal Commission improvement in lending practices, financial counsellors are still reporting credit card debts related to gambling (and personal loans). Responsible lending laws provide some redress to consumers who have been provided unsuitable or unaffordable loans, but this is often limited to interest, fees and charges paid – it will not see a person refunded the principal amount lent.

Online gambling operators clearly see the signs of a person with gambling problems in trouble. When gambling operators see people adding multiple cards to their accounts, it is a sign that the customer has gambling issues. What is happening is that the person has run out of money on card A, so they use card B, and then card C, and when they are maxed out, they use their spouse/parent/employer's card/s, and when that avenue is exhausted or getting risky, they go to new financial institutions and get more cards. People who are financially stable do not chop and change cards every few weeks. A maxed-out card when used will be recorded on the gambling activity statement as 'declined'. We see gambling activity statements, that are littered with repeated 'declined transactions', which is a clear red flag that the person is in trouble.

However, the industry has not limited the number of credit cards that a person can attach to their gambling account. We see little evidence that operators are proactively acting on signs of harm. If a number of different cards are consecutively declined, the chances are that eventually another card will be 'accepted'. Figure 1 below is an example of this.

People with gambling addictions say that they actively seek credit from wherever they can get it. One man who contacted a financial counsellor had 15 credit cards, all used for gambling. It is the nature of the addiction that when the gambling urge is triggered, the person is driven to do anything necessary to keep on gambling. Disordered or delusional thinking is often part of the addiction. No gambler seeking help is proud of where they have ended up, and what they have done along the way.

Many banks offer 'balance transfer deals' to consolidate credit card debt into a single card, at a low or even zero interest rate. What we see with clients with gambling addictions, is that it is just a means of getting double the amount of credit, as unbelievably, the banks don't have a process to ensure that the original credit card accounts are closed. Then, at the end of the

low interest introductory period, the consolidated credit card reverts to an extremely high interest rate. It is a double trap when used by people with gambling issues.

Although credit card providers now must assess whether a potential borrower can repay the whole of their card limits over three years, the minimum monthly repayments can be as low as 2% - 3%. We note that:

- most people who present to financial counsellors with gambling issues will have multiple credit cards; and
- gamblers will look to find ways to make the minimum monthly payments, even if it means not paying other household bills, so that they have access to at least some credit for gambling. This means that financial hardship can be pushed onto other areas of a household budget, with other industries, such as utilities or telecommunications, picking up some of the 'hardship assistance'.

Outcome	Bet	Status	CR/DR	Balance
Balance Brought Forward				\$0.00
3 Sep 2015 22:01	ID: 66B67972-9319-4E58-9962-32A62221D497			
Credit Card Deposit				
\$100.00 deposit on 2015-09-03 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00
3 Sep 2015 22:05	ID: 1559CAC4-1D95-4784-AF92-13CC90434C48			
Credit Card Deposit				
\$100.00 deposit on 2015-09-03 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00
3 Sep 2015 22:06	ID: 3BCB72D7-CEDD-427B-9CFC-87F821252CF5			
Credit Card Deposit				
\$100.00 deposit on 2015-09-03 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00
3 Sep 2015 22:07	ID: 2092143E-69C9-43F7-A61B-ED6F34568EEA			
Credit Card Deposit				
\$100.00 deposit on 2015-09-03 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00
3 Sep 2015 23:04	ID: 4F6CBCF0-68BD-4358-AE31-52B6A9A22AF4			
Credit Card Deposit				
\$100.00 deposit on 2015-09-03 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00
3 Sep 2015 23:04	ID: AA89C516-DF97-4537-9094-6B2B9AEFE2D5			
Credit Card Deposit				
\$100.00 deposit on 2015-09-03 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00
3 Sep 2015 23:07	ID: 9F9A963F-FBC1-4B95-A266-750218DD5E87			
Credit Card Deposit				
\$100.00 deposit on 2015-09-03 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00
3 Sep 2015 23:07	ID: 79FABB8F-984A-4A8B-9CF3-DDECA671B382			
Credit Card Deposit				
\$100.00 deposit on 2015-09-03 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00
3 Sep 2015 23:37	ID: 32A3AFCB-F092-47AE-BF1B-E458B2823858			
Credit Card Deposit				
\$100.00 deposit on 2015-09-03 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00
3 Sep 2015 23:46	ID: 59A8E440-A3A7-468D-A59A-7269C49D13B1			
Credit Card Deposit				
\$100.00 deposit on 2015-09-03 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00
3 Sep 2015 23:46	ID: 9B957103-BAA2-43B6-AF6E-812F92C0A6F8			
Credit Card Deposit				
\$100.00 deposit on 2015-09-03 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00
11 Sep 2015 15:37	ID: 94980114-CE5D-4D87-9BD3-A636AE575404			
Credit Card Deposit				
\$100.00 deposit on 2015-09-11 (Transfer)	\$0.00 @ 0.00	Approved		\$100.00

19 Nov 2015 14:14

ID: FF43CF9D-07D3-40D9-BFDA-C9BE1680C2F7

Redcliffe Race 1: Redcliffe Harness Race 1

2. Goldiewilldo (Win)	\$500.00 @ 5.00	No Return	\$-500.00	\$0.23
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19 Nov 2015 14:18

ID: 2CDB96B5-7433-4961-828A-9D7256504407

Wagga Race 1: Wagga Thoroughbred Race 1

4. She Excites (Win)	\$250.00 @ 11.00	No Return	\$0.00	\$0.23
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19 Nov 2015 17:33

ID: 28BFC0A3-76D5-4AB2-BA01-70A5DF25DDB2

Credit Card Deposit

\$100.00 deposit on 2015-11-19 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00	\$0.23
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19 Nov 2015 17:33

ID: B4E79360-4E82-4C2F-9FCD-F31972297F07

Credit Card Deposit

\$50.00 deposit on 2015-11-19 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00	\$0.23
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21 Nov 2015 13:32

ID: 04436EDD-2883-4E68-BC60-4916DD78BBD0

Ballarat Race 3: Ballarat Thoroughbred Race 3

11. Lips Areios (Win)	\$75.00 @ 3.40	No Return	\$0.00	\$0.23
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21 Nov 2015 13:43

ID: 4B6D82D5-E5BD-4119-A025-480A6A917427

Avondale Race 6: Avondale Thoroughbred Race 6

7. Statham (Win)	\$75.00 @ 7.00	No Return	\$0.00	\$0.23
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23 Nov 2015 17:30

ID: 5BBACC23-842D-4DC3-9B3C-DC8C8F0CB02C

Credit Card Deposit

\$20.00 deposit on 2015-11-23 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00	\$0.23
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5 Dec 2015 14:21

ID: 6D7FA80A-2FC4-4FA4-8B3A-1DF2C823A7D7

Credit Card Deposit

\$200.00 deposit on 2015-12-05 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00	\$0.23
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5 Dec 2015 14:21

ID: BB044F61-B85D-481B-B18A-9E398021D206

Credit Card Deposit

\$20.00 deposit on 2015-12-05 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00	\$0.23
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12 Dec 2015 23:14

ID: 9E48B509-0C2A-4D4B-BBB2-B277104599E1

Credit Card Deposit

\$400.00 deposit on 2015-12-12 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00	\$0.23
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Bookmaker.com.au%20Admin%20-%20Client.html

Bookmaker.com.au Admin - Client

12 Dec 2015 23:14	ID: 62CC2B42-6652-4B9B-8226-F936899EA5FB				
Credit Card Deposit					
\$200.00 deposit on 2015-12-12 (Transfer)	\$0.00 @ 0.00	Declined	X	\$0.00	\$0.23
17 Dec 2015 14:38	ID: 7F583DA3-52B7-4CF1-ACFD-FDD4631028D4				
Credit Card Deposit					
\$400.00 deposit on 2015-12-17 (Transfer)	\$0.00 @ 0.00	Approved		\$400.00	\$400.23

Figure 1. This gambling operator statement was littered with card declines. It is easy to get a sense of the account holder's frenetic attempts to gamble and the harm as card after card runs out of funds. Some of the declines were maxed out cards. Sometimes he used a family member's card, without permission. Family members are understandably reluctant to report acts of fraud.

3.2 Credit card debt is costly and takes a long time to repay

Minimum monthly payments on credit cards can mean that a debt can be very costly and take many years to repay. A debt-fuelled gambling binge therefore can result in years of financial detriment. For example, spending \$10,000 in a night of gambling could take 43 years and 11 months to repay and cost \$36,332 if only making the minimum monthly repayments.¹⁰ We have previously advocated for reform to increase minimum repayments on credit cards.¹¹

People with gambling problems often make sure they make the minimum repayments on a credit card to ensure they maintain access to the credit card. There is an imperative to keep their means of gambling open, despite the costs.

A credit card is a line of credit, and it is available to use when needed. The reliance on credit cards for gambling can mean that the credit card is paid, before basic living expenses. In effect, the person prioritises access to gambling over basic living for themselves and their family. This can cause long-term detriment for both the person and their family.

3.4 Credit cards are particularly dangerous in online sports betting

Credit cards are commonly used in online sports betting, and a person can typically attach multiple cards to an account. This means that in the heat of the moment, there is no friction and money can be transferred instantaneously, with a single click. See Figure 2 below for an example of this.

We hear from younger male clients in particular that initially the context for sports betting is social. They might be at the pub or someone's house watching a sporting event, drinking and placing bets. However, when an addiction develops, gambling can take place at all times of the day and night, and become a solitary pursuit. Many men have told us that they go online at night, while drinking. Social isolation and poor mental health can be present. While online, they see advertising through Google, Facebook and other social media. The heavier 'losing gamblers' are also targeted by VIP case managers offering incentives to keep gambling.

We are now also seeing suicides, and particularly men presenting for financial counselling expressing suicidal ideation. We are also seeing fraud on other people's cards. Some of it is elder abuse or part of a pattern of family violence.

Kayne and gambling company extortion

Kayne used his father's card to pay for his online sports betting. The gambling operator ignored the fact that the card name did not match the account name. When the father found out, he asked his bank to cancel the unauthorised spend. The gambling operator CEO threatened to report the son to the police for fraud if the father did not instruct

¹⁰ See ASIC MoneySmart credit card calculator - <https://moneysmart.gov.au/credit-cards/credit-card-calculator>

¹¹ For example, see Consumer Action Law Centre submission in response to the exposure draft Treasury Laws Amendment (2017 Measures No.8) Bill 2017 dated 23 August 2017 available at <https://consumeraction.org.au/wp-content/uploads/2017/08/170823-FINAL-submission-Exposure-Draft-Bill.pdf>.

his back to reverse the chargeback. He reversed the chargeback.

Miran and his 80+ year old mother's gambling spend

Miran was struggling during the first COVID lockdown as he had lost his job. He moved in with his 80+ year old mother to take care of her including doing her online banking. He used her credit card to pay for his online sports betting. The gambling operator finally noticed the abuse and cancelled his gambling account when he set up a gambling account in his mother's name. He sought help, but his mother was never made aware by the gambling operator or her bank that her card had been used for gambling. As a result of the gambling, the debt racked up.

177806942	Debit/Credit Card - payment received with thanks	100.00	536297.21
177811255	Debit/Credit Card - payment received with thanks	100.00	536397.21
177813508	Debit/Credit Card - payment received with thanks	200.00	536597.21
177818152	Debit/Credit Card - payment received with thanks	50.00	536647.21
177837260	Debit/Credit Card - payment received with thanks	50.00	536697.21
177837778	Debit/Credit Card - payment received with thanks	50.00	536747.21
177856249	Debit/Credit Card - payment received with thanks	20.00	536767.21
177857466	Debit/Credit Card - payment received with thanks	39.00	536806.21
177858943	Debit/Credit Card - payment received with thanks	100.00	536906.21
177899436	Debit/Credit Card - payment received with thanks	100.00	537006.21
177899931	Debit/Credit Card - payment received with thanks	150.00	537156.21
14 Dec 19			
177928510	Cash Card - withdrawal	-150.00	537006.21
177929195	Cash Card - withdrawal	-800.00	536206.21
15 Dec 19			
178140539	Cash Card - withdrawal	-100.00	536106.21
178147072	Debit/Credit Card - payment received with thanks	100.00	536206.21
178153826	Debit/Credit Card - payment received with thanks	50.00	536256.21
178156319	Debit/Credit Card - payment received with thanks	20.00	536276.21
178158863	Debit/Credit Card - payment received with thanks	30.00	536306.21
178160038	Debit/Credit Card - payment received with thanks	100.00	536406.21
178209496	Debit/Credit Card - payment received with thanks	40.00	536446.21
178230254	Debit/Credit Card - payment received with thanks	20.00	536466.21
178230639	Debit/Credit Card - payment received with thanks	10.00	536476.21
178231073	Debit/Credit Card - payment received with thanks	20.00	536496.21
16 Dec 19			
178279194	Debit/Credit Card - payment received with thanks	30.00	536526.21
178303124	Cash Card - payment received with thanks	11.65	536537.86
17 Dec 19			
178430477	Debit/Credit Card - payment received with thanks	15.00	536552.86
19 Dec 19			
178711196	Debit/Credit Card - payment received with thanks	50.00	536602.86
178711441	Debit/Credit Card - payment received with thanks	50.00	536652.86
178711551	Debit/Credit Card - payment received with thanks	50.00	536702.86
178712026	Debit/Credit Card - payment received with thanks	50.00	536752.86
178712223	Debit/Credit Card - payment received with thanks	14.00	536766.86
20 Dec 19			
178754519	Debit/Credit Card - payment received with thanks	100.00	536866.86
178759796	Debit/Credit Card - payment received with thanks	100.00	536966.86
178760944	Debit/Credit Card - payment received with thanks	100.00	537066.86
21 Dec 19			
178867073	Debit/Credit Card - payment received with thanks	9.00	537075.86
178879634	Debit/Credit Card - payment received with thanks	5.00	537080.86
178887926	Debit/Credit Card - payment received with thanks	50.00	537130.86
178890059	Debit/Credit Card - payment received with thanks	50.00	537180.86
178892205	Debit/Credit Card - payment received with thanks	200.00	537380.86
178903095	Debit/Credit Card - payment received with thanks	50.00	537430.86
178915953	Debit/Credit Card - payment received with thanks	50.00	537480.86
178917118	Debit/Credit Card - payment received with thanks	50.00	537530.86
22 Dec 19			
179090700	Debit/Credit Card - payment received with thanks	20.00	537550.86
179090921	Debit/Credit Card - payment received with thanks	50.00	537600.86
179091781	Debit/Credit Card - payment received with thanks	30.00	537630.86
179094026	Debit/Credit Card - payment received with thanks	30.00	537660.86
179098965	Debit/Credit Card - payment received with thanks	40.00	537700.86
179099931	Debit/Credit Card - payment received with thanks	20.00	537720.86
179100605	Debit/Credit Card - payment received with thanks	20.00	537740.86
179114779	Debit/Credit Card - payment received with thanks	20.00	537760.86
23 Dec 19			
179219005	Debit/Credit Card - payment received with thanks	200.00	537960.86
179219335	Debit/Credit Card - payment received with thanks	200.00	538160.86
179221832	Debit/Credit Card - payment received with thanks	200.00	538360.86
179221956	Debit/Credit Card - payment received with thanks	200.00	538560.86
179222128	Debit/Credit Card - payment received with thanks	200.00	538760.86
179222591	Debit/Credit Card - payment received with thanks	200.00	538960.86
179223131	Debit/Credit Card - payment received with thanks	200.00	539160.86
179225863	Debit/Credit Card - payment received with thanks	200.00	539360.86
179226257	Debit/Credit Card - payment received with thanks	200.00	539560.86
179226887	Debit/Credit Card - payment received with thanks	200.00	539760.86
179227901	Debit/Credit Card - payment received with thanks	200.00	539960.86
179228478	Debit/Credit Card - payment received with thanks	200.00	540160.86
179265729	Debit/Credit Card - payment received with thanks	200.00	540360.86
179269458	Debit/Credit Card - payment received with thanks	200.00	540560.86
179278695	Debit/Credit Card - payment received with thanks	100.00	540660.86
179279072	Debit/Credit Card - payment received with thanks	20.00	540680.86
179279868	Debit/Credit Card - payment received with thanks	200.00	540880.86
179280568	Debit/Credit Card - payment received with thanks	300.00	541180.86
179282129	Debit/Credit Card - payment received with thanks	500.00	541680.86
24 Dec 19			
179300875	Debit/Credit Card - payment received with thanks	70.00	541750.86
179311314	Debit/Credit Card - payment received with thanks	200.00	541950.86
179320297	Debit/Credit Card - payment received with thanks	100.00	542050.86
179321231	Debit/Credit Card - payment received with thanks	90.00	542140.86
179321664	Debit/Credit Card - payment received with thanks	100.00	542240.86
179322144	Debit/Credit Card - payment received with thanks	100.00	542340.86
179328282	Debit/Credit Card - payment received with thanks	200.00	542540.86
179330025	Debit/Credit Card - payment received with thanks	100.00	542640.86

\$542,640
Cumulative
deposits

Deposits with multiple cards, including belonging to spouse

Figure 2 This example shows multiple credit card transactions from different cards, including a spouse's card.

4 Pay Pal, e-wallets, POLi Payments and other non-real time payment platforms

We believe any future regulation must also ban the use of e-wallets, such as PayPal, for gambling, and non-real time payment platforms. There are several issues with PayPal, the largest e-wallet.

1. **PayPal's 'instant transfer' method of payment involves the funds going to the gambling operator in real time, but the amount is transferred from the person's credit card or bank account to PayPal with a clearance time of up to two days.** On the bank statement, the money is taken out of the account on the day the spend occurs, but the clearance system has a lag. If there are no funds in the account, instead of the transaction being rejected, the gambling operator gets the money immediately, then the person incurs a debt to PayPal. Figure 3 below shows an example of PayPal being used for gambling transactions.

Case study

Randall was seriously injured in an accident and has been assessed as having the 'highest medical needs' for life. His situation has taken a mental toll on him. He is a young person with no assets or employment, just a small insurance income, and would never have been given this amount of credit from a bank.

He incurred over \$550,000 as a debt to PayPal, after gambling with a single online Australian licensed operator over one weekend. PayPal was pursuing the debt through debt collectors. The wagering operator did not contact Randall despite \$550,000+ of gambling losses in 48 hours and no visibility over the source of funds, as required under AML laws.

Addendum: After representations from a financial counsellor, PayPal has recently waived the debt. However, similar cases preceding this have not had the debts waived and this non-real-time funding facility for gambling is still operational.

This default provision of credit needs to be stopped. It appears to fall between the regulatory cracks, as there is no interest charged on the transactions (although interest is charged on the subsequent debt). PayPal is not a licensed credit provider in Australia.

The bank clearance of funds needs to be changed to real time, so unfunded transactions are declined.

2. **E-wallets allow the identity of the account holder financing the gambling to be hidden.**

E-wallets allow the credit cards of third parties to be used fraudulently. Sometimes this involves elder abuse or family violence, for example a man using his partner's card repeatedly, leaving the partner to pick up the debt. There are other examples

where fraud is involved.

Case study

Jake was a newly graduated young accountant working for a large financial services company. He oversaw handing out new corporate credit cards to his colleagues. He wrote down the card numbers. Over two months he gambled over \$200,000 with an online sports betting company using his colleagues' cards. The Paypal transaction report detailed the various names. Finally, someone at his workplace suspected something. He quickly confessed everything and expressed relief at being stopped. He was sentenced to jail and was ordered to repay the money to the court. He is now out of jail but cannot work as an accountant.

The online sports betting company retained the funds. The sport betting company could have argued that it did not see all the cards being used, but no one has held it to account for its lack of action when a 24-year-old deposits \$160,000 in a single month. We do not have proper proceeds of gambling crime legislation in Australia.

5/1/2017	9:29:45 PM	America/LA	01-\$950.00 AUC -\$950.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$119.24 AUD	Sportsbet Pty Ltd
5/1/2017	9:25:18 PM	America/LA	21-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$143.24 AUD	Sportsbet Pty Ltd
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5/1/2017	9:18:23 PM	America/LA	19-\$1,000.00 AL -\$1,000.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$113.24 AUD	Sportsbet Pty Ltd
5/1/2017	9:15:00 PM	America/LA	22-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$168.24 AUD	Sportsbet Pty Ltd
5/1/2017	9:14:00 PM	America/LA	27-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$163.24 AUD	Sportsbet Pty Ltd
5/1/2017	8:26:24 PM	America/LA	17-\$950.00 AUC -\$950.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$136.24 AUD	Sportsbet Pty Ltd
5/1/2017	8:25:30 PM	America/LA	44-\$1,000.00 AL -\$1,000.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$163.24 AUD	Sportsbet Pty Ltd
5/1/2017	8:22:26 PM	America/LA	35-\$1,000.00 AL -\$1,000.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$238.24 AUD	Sportsbet Pty Ltd
5/1/2017	8:20:25 PM	America/LA	32-\$1,800.00 AL -\$1,800.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$313.24 AUD	Sportsbet Pty Ltd
5/1/2017	8:19:17 PM	America/LA	40-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$63.24 AUD	Sportsbet Pty Ltd
5/1/2017	8:13:06 PM	America/LA	11-\$950.00 AUC -\$950.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$38.24 AUD	Sportsbet Pty Ltd
5/1/2017	5:06:16 PM	America/LA	17-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$63.24 AUD	Sportsbet Pty Ltd
5/1/2017	4:46:14 PM	America/LA	11-\$950.00 AUC -\$950.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$36.24 AUD	Sportsbet Pty Ltd
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5/1/2017	4:49:24 AM	America/LA	35-\$950.00 AUC -\$950.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$63.24 AUD	Sportsbet Pty Ltd
5/1/2017	4:44:23 AM	America/LA	44-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$68.24 AUD	Sportsbet Pty Ltd
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5/1/2017	12:47:47 AM	America/LA	16-\$400.00 AUC -\$400.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$63.24 AUD	Sportsbet Pty Ltd
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5/20/2017	11:18:05 PM	America/LA	40-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$136.24 AUD	Sportsbet Pty Ltd
5/20/2017	11:08:39 PM	America/LA	36-\$950.00 AUC -\$950.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$163.24 AUD	Sportsbet Pty Ltd
5/20/2017	10:55:35 PM	America/LA	35-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$168.24 AUD	Sportsbet Pty Ltd
5/20/2017	10:24:48 PM	America/LA	31-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$163.24 AUD	Sportsbet Pty Ltd
5/20/2017	10:21:08 PM	America/LA	34-\$950.00 AUC -\$950.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$176.54 AUD	Sportsbet Pty Ltd
5/20/2017	10:13:51 PM	America/LA	31-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$201.54 AUD	Sportsbet Pty Ltd
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5/20/2017	9:11:10 PM	America/LA	40-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$201.54 AUD	Sportsbet Pty Ltd
5/20/2017	9:05:02 PM	America/LA	34-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$176.54 AUD	Sportsbet Pty Ltd
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5/20/2017	8:50:36 AM	America/LA	44-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$25.96 AUD	Sportsbet Pty Ltd
5/20/2017	3:31:12 AM	America/LA	39-\$950.00 AUC -\$950.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$25.96 AUD	Sportsbet Pty Ltd
5/20/2017	2:44:26 AM	America/LA	17-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$25.96 AUD	Sportsbet Pty Ltd
5/20/2017	1:19:19 AM	America/LA	16-\$100.00 AUC -\$100.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$0.96 AUD	Sportsbet Pty Ltd
5/20/2017	12:57:22 AM	America/LA	32-\$400.00 AUC -\$400.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$100.96 AUD	Sportsbet Pty Ltd
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5/20/2017	12:46:14 AM	America/LA	44-\$500.00 AUC -\$500.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$475.96 AUD	Sportsbet Pty Ltd
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5/20/2017	10:33:08 PM	America/LA	36-\$100.00 AUC -\$100.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$0.96 AUD	Sportsbet Pty Ltd
5/20/2017	10:33:46 PM	America/LA	22-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$100.96 AUD	Sportsbet Pty Ltd
5/20/2017	10:22:19 PM	America/LA	17-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$75.96 AUD	Sportsbet Pty Ltd
5/20/2017	10:03:22 PM	America/LA	16-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$50.96 AUD	Sportsbet Pty Ltd
5/20/2017	9:56:50 PM	America/LA	17-\$950.00 AUC -\$950.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$25.96 AUD	Sportsbet Pty Ltd
5/20/2017	7:44:07 PM	America/LA	34-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$50.96 AUD	Sportsbet Pty Ltd
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5/20/2017	3:13:40 AM	America/LA	32-\$500.00 AUC -\$500.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$452.96 AUD	Sportsbet Pty Ltd
5/20/2017	3:06:50 AM	America/LA	11-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$27.96 AUD	Sportsbet Pty Ltd
5/20/2017	2:58:57 AM	America/LA	11-\$1,000.00 AL -\$1,000.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$2.96 AUD	Sportsbet Pty Ltd
5/20/2017	2:54:38 AM	America/LA	11-\$1,000.00 AL -\$1,000.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$77.96 AUD	Sportsbet Pty Ltd
5/20/2017	2:47:53 AM	America/LA	17-\$950.00 AUC -\$950.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$102.96 AUD	Sportsbet Pty Ltd
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5/20/2017	2:18:59 AM	America/LA	11-\$950.00 AUC -\$950.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$102.96 AUD	Sportsbet Pty Ltd
5/20/2017	1:46:24 AM	America/LA	17-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$77.96 AUD	Sportsbet Pty Ltd
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5/20/2017	1:25:10 AM	America/LA	11-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$1,437.80 AUD	Sportsbet Pty Ltd
5/20/2017	1:05:21 AM	America/LA	11-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$487.80 AUD	Sportsbet Pty Ltd
5/20/2017	1:00:06 AM	America/LA	11-\$900.00 AUC -\$900.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$62.80 AUD	Sportsbet Pty Ltd
5/20/2017	12:56:18 AM	America/LA	34-\$1,000.00 AL -\$1,000.00 / \$0.00 AUC AUD	PayPal funds	Completed	Mobile Express	paypal@sportsbet.com.au	Debit	\$37.80 AUD	Sportsbet Pty Ltd

Figure 3: Paypal used to hide credit card online gambling transactions

3. **There has been an explosion of e-wallets in Australia and abroad with the advent of open banking and the emergence of fintechs. E-wallets can have several funding sources added to the facility, including credit cards.**

We recommend that any new regulation includes banning e-wallets for gambling, as this is needed if there is to be an effective ban, otherwise gambling will still be funded via credit cards, attached to e-wallets. In the UK, gambling operators have had license conditions imposed by the gambling regulator to ensure that they only accept payments via e-wallets where the wallet provider can assure the operator that they can prevent payment for gambling by credit cards.¹² (see [UK Gambling Commission, Consultation response Jan. 2020 3.61](https://www.gamblingcommission.gov.uk/manual/changes-to-licence-conditions-and-codes-of-practice-on-the-use-of-e-wallets)) This is in response to the UK Parliament leading the way on safer gambling.

4. **Financial counsellors are seeing debts with POLi financed transactions. POLi is a payment gateway owned by Australia Post. Its website says 'POLi Payments has an exemption from ASIC for the requirement to hold a financial services license'.**

Like PayPal, the problem is that payments made through POLi are not made in real-time. Gamblers seem to get the money credited to their gambling account, before POLi advances the money to the gambling company. Gamblers are effectively gambling on credit. If their POLi transaction fails, because they either cancel it or there is not money in their account, the transaction is still allowed to proceed, the gambling company is given the money, and the person will incur debts to POLi. This becomes another way for gambling companies to allow people to gamble who do not have the funds.

As with PayPal, the guiding principle must be 'that people are only allowed to gamble with money they legitimately possess.'

POLi also bypasses gambling blocks that users put in place through their banks. It effectively allows a third party platform to access a gambler's bank account. See Figure 4 below that shows how this is promoted as a payment method for gambling.

¹²<https://www.gamblingcommission.gov.uk/manual/changes-to-licence-conditions-and-codes-of-practice-on-the-use-of-e-wallets>

How Does POLi Payments Work?

POLi is an Australian direct online banking payment provider which **supports transactions in AUD**. It is a deposit method which allows customers to make instant transactions, which makes POLi betting sites very convenient. Online purchases, deposits and in general, all kinds of money transfer are supported as long as the merchant is authorized and associated with POLi Payments.

You can create an account, but it's not mandatory. The only prerequisite to use it at betting sites or any other place on the Internet is to have a **bank account in Australia**. There's a slightly refined list of **banks that support POLi transactions** [\[2\]](#). Any other bank will not work. Some Aussie punters use POLi as a way to get money to their PayPal accounts because of low fees.

How POLi Payments Work?

- 1 Customer Selects POLi Payments as the Payment Method
- 2 POLi connects the Customer's Bank Account with the merchant
- 3 Once the Details are Provided, POLi Verifies the Transaction
- 4 The Merchant/ Betting Site is Informed of the Transaction
- 5 The Betting Site Credits the Customer's Balance
Note that the betting site credit (5) is made before the funds are transferred (6). The Poli 'promise' is an effective advance of credit (often money the gambler doesn't have in their account)
- 6 The Transaction is NOT Still Completed, but POLi "Promises" the bookmaker it WILL

https://aussiebet.com/payment/poli/#How_Does_POLi_Payments_Work

Try a POLi transaction now

Experience how quick and easy POLi is to use for yourself!

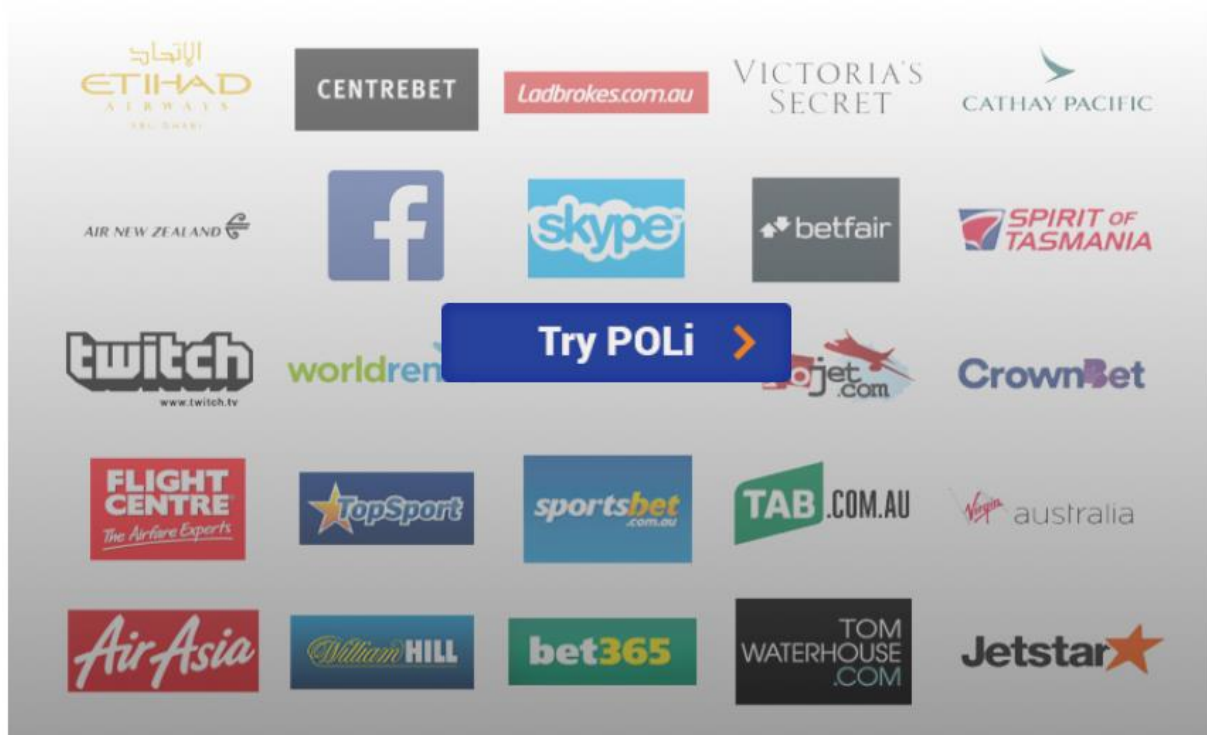


Figure 4: The online gambling operators all use Poli to connect to their customer's bank accounts.

5 Future proofing any new legislation

5.1 Vouchers and other payment methods are emerging as loopholes

Since the UK ban on credit card gambling, vouchers have emerged as a major loophole. We need to anticipate industry creativity, and the Government needs to provide regulators with the flexibility to adapt. Only payment methods that allow people to use their own money should be accepted for gambling.

To future proof any new regulation that bans credit cards and e-wallets, we recommend that any proposed Bill provides the regulatory scope to mitigate harm as the gambling industry and new forms of payments evolve.

After a ban on the use of credit cards in the UK, vouchers have become an increasingly popular round-about avenue for funding gambling with credit cards. Figure 5 below shows the payment options provided by Bet365, including vouchers and e-wallets which can be funded using credit cards.










Deposits Withdrawals					
Country		Currency			
UK		GBP			
Payment Method	Fee	Process Time	Min	Max	Details
	Free	Instant	£5.00	£20,000.00	Debit Card
	Free	Instant	£5.00	£20,000.00	Credit Card
	Free	Instant	£5.00	£5,000.00	Debit Card
	Free	Instant	£10.00	£5,500.00	eWallet
	Free	Instant	£5.00	£5,000.00	Debit Card
	Free	Instant	£5.00	£770.00	Prepaid Voucher/eWallet
	Free	Instant	£5.00	£5,000.00	Debit Card
	Free	2-10 Banking Days	£100.00	£100,000.00	Bank Transfer
	Free	5-28 Banking Days	£100.00	£50,000.00	Cheque

Figure 5: This shows Bet365's payment options on their website, which includes vouchers & e-wallets

5.4 Loans must be assessed using responsible lending principles

People affected by a gambling addiction do not use just credit cards, they also apply for other forms of credit like personal loans. They may lie about the purpose of the loan or may apply for the loan deceiving themselves about the purpose. Some receive unsolicited offers to apply for personal loans. Gambling is often evident at the time of application, particularly when the customer also has their daily transaction account with the same bank. Having the new lump sum waiting in an account can trigger an intense gambling binge, which in turn results in the

online gambling operators providing higher levels of bonus bets and VIP case management. The addiction and harm spirals.

The Government's proposed watering down of responsible lending laws (in the *National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020* currently before the Senate) for most credit products would only increase the risk that people experiencing gambling addiction could obtain additional lines of credit that would be unaffordable or unsuitable. That Bill must be abandoned, otherwise the harm to people with gambling problems will only be turbocharged. Rather than watering down responsible lending laws, we recommend stronger, specific ASIC guidance around applying existing responsible lending principles to ensure credit is not provided in the event where gambling is the main driver of the consumer seeking a loan.

5.4 Discretion to capture new alternatives to credit cards

We cannot predict the online gambling future, so regulatory discretions are important to future-proof the *Interactive Gambling Act 2001* (IGA).

We recommend that any regulation be future-proofed. There must be ministerial or regulator discretion to include new financial products or payment systems on the prohibited list.

5.5 New forms of gambling should be included

It is also important that reform of the IGA considers new forms of gambling that are emerging.

We are seeing social casinos mimicking the harm of actual online casinos. They look like gambling, as in the same slot machine lights and bells, and people buy tokens to play, but money cannot be withdrawn.

One Australian woman spent over \$800,000 on an Australian owned social casino 'game' called 'Hearts of Vegas', and marketed through Facebook and the Apple shop, who take an affiliate marketing commission on all funds spent on Hearts of Vegas.

Currently, the Australian Communications and Media Authority (ACMA) does not consider social casinos to be covered by the IGA. There have been calls for this product to be regulated.¹³

Other emerging areas include peer-to-peer e-sports games where a player competes against another player online, even if the host website is in another country. Virtual reality online casinos are yet another form.

The gaming industry is predicting it will be highly profitable to add gambling to games and

¹³ MP Andrew Wilkie's [Bill banning social casinos](#) did not proceed. And various articles e.g. [Calls for 'social casinos' to be regulated as Australians lose thousands in growing industry](#), ANC, 4 Jan 2020. In the US, a recent court case ruled that the Big Fish social casino product owned by Australian company, Aristocrat was in fact gambling. Aristocrat also owns Hearts of Vegas.

distribute these through mobile phone apps (as opposed to online web-based gambling).

6 Recommendation and concluding remarks

6.1. Recommendations

1. That the law is changed to prohibit credit cards as a payment method for gambling
2. That the legislation also includes appropriate prohibitions on other forms of electronic payments that may involve credit, including e-wallets, vouchers and non-real time payment platforms such as Poli-Payments from being used for gambling
3. The responsible lending laws remain in the National Credit Code
4. ASIC introduce specific guidance around applying existing responsible lending laws to ensure credit is not provided to people who have issues with gambling and/or where gambling is the main driver of the consumer seeking a loan
5. That any reform of the Interactive Gambling Act considers new forms of gambling that are emerging, including gamification online. To future-proof any new laws, there needs to be ministerial or regulator discretion to include new financial products or payment systems on any list of prohibitions.

6.2. Concluding remarks

Working with people with addictions is difficult, as many are entrenched in an addiction mindset. We know that no single intervention will stop all harm but stopping credit cards from being used for gambling will be a solid step forward.

If we can prevent some families from being ruined financially, prevent at least some gambling-related suicides, or even just stop some young people from incurring gambling debt at the start of their adult lives, then this will be positive.

The use of credit cards for gambling must be prohibited. A prohibition will be far more effective in reducing harm, than providing individuals with the ability to block a credit card from being used for gambling.

We commend the Parliament for undertaking this Inquiry to assess how regulation could assist in minimising gambling-related harm. The regulation needs to go further than just credit cards, but a ban on credit cards being used for gambling will be a big stride in the right direction.

Appendix 1 – Case studies

Andy's story: some of this \$140K of credit card debt could have been avoided

Andy's (name changed) only source of income has been the disability support pension for about seven years. Andy told us that he had been introduced to gambling as a teenager and had experienced issues with it for all his life.

Andy contacted the National Debt Helpline in April 2021, when he had over \$140,000 of debt, the majority of which was on credit cards. He told us that virtually all of this was incurred from gambling. Andy estimated that on one credit card with a \$20,000 limit, he would have paid back close to \$400,000 in total, having repaid the limit that many times. He said that he had put most of the proceeds from selling a café he previously owned, as well as money he inherited, into paying back gambling debts.

Andy reported that he had often considered giving up and the financial impact of his gambling made his mental health issues much worse. Andy has recently stopped gambling, and is working with a financial counsellor and a mental health counsellor. While he is still in a difficult situation, he now has hope.

Andy supports the proposal to ban the use of credit cards for online gambling. He said credit cards made online gambling with credit far too accessible. Using his credit card online had allowed him to lose thousands of dollars he didn't have many times without really comprehending it – while he was simply 'on autopilot'. While it may not have stopped him altogether, he believed that if he couldn't use credit cards to pay for his online gambling, he would be in far less debt now.

Jenny's & Jen's story: struggling to make minimum repayments

Jenny and Jan are in a similar position:

They are repaying debt on credit cards and/or personal loans because of a gambling addiction. They can't afford to make the minimum payments to cover the high interest charges.

Their families are suffering as a result, including going without essential items.

The easy access to cash advances from the credit cards made gambling easy for both of them. Their credit limits jumped quickly.

Jenny

Jenny works full time in a job involving shift work, and earns \$900 a week. She cares for her two children. Jenny was homeless when she sought help from a financial counsellor in 2016. Jenny had a gambling problem and ended up with a \$7,500 bank credit card debt. Jenny's total debt has risen to \$30,000 despite making regularly monthly payments for three years. She has now taken out payday loans to try to stay afloat. Her children are disadvantaged because of the lack of money in the household for anything other than the bare necessities

of survival. Her 18-year-old son is now at university and gives most of his part-time job money to his mother. The whole family feels the stress, all because of the payments required on a credit card that was used for gambling.

Jan

Jan, a single mother, works full time and earns \$1,600 a week, which includes child support. She has gambling issues. She has five credit cards and two personal loans accrued over the past 12 years. Her unsecured debt is \$78,000.

She has continued to make the minimum payments on all her debts, some with hardship reduced payments. The balance overall has not changed, but she does not want to lose her ability to have these accounts as a back-up, and bankruptcy is not an option due to her employment.

Ryan's story: bank turns a blind eye to gambling

Ryan, a 25-year-old tradesman, had a serious gambling addiction. From 2015- 2017 he obtained 43 payday loans and three credit cards from 10 lenders to fund his gambling addiction. Ryan's salary was paid into his transaction account, which was held at the same bank that provided the credit cards. He had defaulted on his credit card repayments numerous times and had defaulted on his car loan.

Struggling, Ryan sought his mother's help. With his consent, his mother explicitly informed the bank branch manager of his gambling addiction. She asked for cash advances to be stopped, but was told the bank couldn't do this. So, she helped Ryan cancel the credit card.

Their credit limits jumped quickly.

She was shocked when Ryan received two new credit cards within two months of closing the first credit card. She returned to the branch and requested that the bank note Ryan's gambling addiction on his account and not provide more credit cards.

Post disclosure of gambling addiction

Just one month after receiving his second credit card, Ryan had spent more than the \$6,000 limit. At the date of Ryan's application for his second credit card, his credit report showed 30 consumer credit enquiries, including three other credit card applications and 23 payday loan applications in the preceding 27 months (that is nearly one credit application a month!).

After reaching the limit on the second credit card, Ryan then applied for, and was granted, a third credit card, which had a limit of \$15,000. Ryan spent that \$15,000 within two weeks.

By this time Ryan's credit report showed an additional four enquiries from payday loan providers and another two enquiries from alternative credit card providers.

Ryan eventually sought addiction counselling and gave his mother an enduring power of

attorney.

After negotiations, the bank acknowledged the extensive gambling transactions on the credit card facilities, closed both credit cards, and agreed to:

- no further provision of credit
- waive 50% of the debt on credit card 2
- Waive nearly 60% of the debt on credit card 3

A repayment schedule was agreed to repay the balance interest free within 72 months.

Jane's story: Credit card cash advances used to hide gambling

Jane is in her 40s and receives the disability support pension. Her husband doesn't know about her gambling addiction. Jane frequently runs out of money because of gambling, and borrows money for food.

Jane had a bank credit card with a \$2,000 limit. A friend tried to help Jane manage her debts and paid it off, and the card was cut up. But because the account was never cancelled, Jane still had access to it through phone banking, and she soon ran up the \$2,000 debt again.

Jane would get a cash advance through her phone and then put it into a separate account. She would gamble and repeat the process until she reached the card limit. Jane would try to reduce her balance, but then she would start withdrawing again.

Following advocacy by a financial counsellor, the bank stopped all fees and charges and Jane is now on a payment plan of \$50 per fortnight.

James and Michael's story: they always believed they would win

For James and Michael, brothers in their late 20s, gambling on Saturday afternoons was just part of their socialising. Whether they physically went to the races or spent the afternoon sitting in their lounge room, gambling was just part of their lives. They always believed they would win.

They both worked hard running their own businesses and earned reasonable incomes.

On Saturdays, they would gamble about \$500 each, but on special occasions and big sporting events, this went up to \$2,000 each. The gambling went on for three years or so. They had the mistaken idea that their ad-hoc winnings would cover their credit card bets but, in reality, they fell further into debt.

James eventually owed \$165,000, which included a personal loan of \$26,000, two bank credit cards of \$28,000 and \$18,000, two other bank credit cards of \$32,000 and \$26,000 and another credit card of \$18,000.

Michael was \$116,000 in debt, including five bank credit cards of \$30,000, \$32,000, \$25,000, \$12,000 and \$10,000.

Then one of the businesses started failing and James' partner became pregnant. Both brothers started feeling huge financial pressure and sought financial counselling not about the gambling – but because they could not afford their debts.

Jake: gambling fraud on corporate credit cards

Jake was a young professional in his early 20s working for a major financial institution. He had gambled online from the age of 18. His addiction worsened, and he committed fraud to fund his gambling spree. He spent more than \$250,000 using his colleagues' corporate credit cards on a single wagering operator in less than two months. The corporate credit card-funded transactions were obscured from the wagering operator as they came via PayPal.

Jake received a prison sentence. As far as we know, the bank did not recover the funds from the online wagering operator. These crime-funded, suspicious transfers may also raise Austrac issues.

From prison, he told FCA: "I was glad that I was caught. I didn't know how to stop gambling." Such is the nature of an addiction.

Appendix 2 – About our organisations

About Financial Counselling Australia and Financial Counselling

Financial counsellors provide advice to people with money and debt issues. Working in community organisations, their services are free, confidential and independent.

Financial Counselling Australia (FCA) is the peak body for financial counsellors in Australia. FCA's members are the State and Territory financial counselling associations.

In 2015, FCA released a report titled "Duds, Mugs and the A-List: The Impact of Uncontrolled Sports Betting". The report described the issues financial counsellors were seeing as a result of predatory practices in the online sports betting industry. Later that year, the Federal Government commissioned a review into online gambling. One of the recommendations of this review was to ban gambling companies from providing credit to people to gamble. FCA has been actively involved in developing the legislative consumer protection framework applying to online gambling. Our work is informed by financial counsellors including specialist gambling financial counsellors, as well as by direct interactions with people who gamble, or their families.

Consumer Action Law Centre

Consumer Action is an independent, not-for profit consumer organisation with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets.

CALC works for a just marketplace, where people have power and business plays fair. It makes life easier for people experiencing vulnerability and disadvantage in Australia, through financial counselling, legal advice, legal representation, policy work and campaigns. Based in Melbourne, CALC's direct services assist Victorians and advocacy supports a just market place for all Australians.

Financial Rights Legal Centre

The Financial Rights Legal Centre is a community legal centre that specialises in helping consumers, especially low income and otherwise marginalised or vulnerable consumers, understand and enforce their financial rights.

It provides free and independent financial counselling, legal advice and representation, and self-help resources to individuals about a broad range of financial issues including consumer credit, debt and insurance. It also advocates for law reform and improvements to industry practices to improve outcomes for consumer

