



19 September 2023

Committee Secretary
Senate Environment and Communications Legislation Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2601

(via email: ec.sen@aph.gov.au)

Inquiry into the Interactive Gambling Amendment (Credit and Other Measures) Bill 2023

Responsible Wagering Australia (RWA) is the peak body representing the Australian-licensed online wagering industry. Our members include Australia's major wagering service providers (WSPs): bet365, Betfair, Entain (Ladbrokes and Neds), PointsBet, Sportsbet and Unibet.

RWA has been supportive of the recommendation of the Parliamentary Joint Committee on Corporations and Financial Services inquiry into the Regulation and use of financial services and digital wallets for online gambling in Australia to prohibit the use of credit cards for online wagering. Since this report was delivered to parliament, RWA has been working with its members, the financial services and banking industry and Government to investigate technical options for implementing such a ban.

RWA is supportive of the of the changes contained within the *Interactive Gambling Amendment (Credit and Other Measures) Bill 2023* (the Bill). As such, this submission will focus on providing the Committee further information regarding the possible implementation options of a Banking Identification Number (BIN) led ban on credit cards for online wagering. These options are outlined below.

1. The creation and maintenance of a central repository of BIN numbers by the Commonwealth, with access provided to all Australian-licensed WSPs.

The creation of a central repository of all BIN numbers that are regularly updated, combined with the effective auditing by a regulatory authority, would be the most comprehensive option for ensuring that all WSPs are able to identify and prevent deposits by credit cards. Each WSP would have access to the same information, allowing for greater ease in both implementation

and enforcement of the ban. RWA however acknowledges the difficulty of creating a central repository of BIN numbers in the short term.

2. Requirement for WSPs to source their own BIN lists.

In the absence of a central repository of BIN lists, another option available to WSPs would be the sourcing of independently created BIN lists from third parties such as Australian Payment Networks (APN). Whilst this would allow for WSPs to implement the credit card prohibition in the short term, compliance would be reliant on the accuracy of these third-party lists, many of which are only updated quarterly.

3. Working with Merchant facilities and Payment Gateway Operators to implement a ban.

To effectively implement a ban on the use of credit cards for online wagering, some WSPs may seek to engage their payment gateway operators and merchant facilities to implement a block on BINs identified as credit at the point of deposit. RWA understands that some merchant facilities (often large banks) have in their possession BIN lists that are updated as frequently as monthly, and WSPs may seek to engage them to work with the relevant payment gateway operator create a solution that would result in the rejection of credit card deposits at the point of sale.

In the absence of option 1, RWA believes that both option 2 and 3 are viable mechanisms for WSPs to implement the credit card prohibition in the short term by use of BINs. BIN lists used by WSPs and payment service providers (in whichever form – central list or independently sourced lists) should include domestic and international cards, such as BIN lists from Visa and Mastercard. Global BIN lists would be an effective way to close the potential loophole whereby a customer in Australia could use an international credit card to process a payment to an interactive WSPs.

Enforcement and Compliance

RWA supports the amendments included in the Bill that give power to the Australian Communications and Media Authority (ACMA) to enforce the prohibition on credit cards.

It is vital that an adequate backstop is implemented as part of any regulatory framework governing the credit card prohibition that monitors and ensures that WSPs are compliant. Concurrently, this backstop entity (most likely ACMA) would also have a role in monitoring the accuracy of third-party BIN information and its utilisation by WSPs, which could be enacted through the requirement for regulatory audits to monitor compliance.

Merchant Category Codes

Whilst RWA acknowledges and supports the proposed requirement to use BIN information to give effect to a prohibition on the use of credit cards for online wagering, the effectiveness of this method is limited over the long term given that WSPs are reliant on information held by a third party for compliance.

RWA strongly believes that the Commonwealth should commence and progress the creation of an Interactive Gambling Merchant Category Code (MCC), which would be a more robust and effective solution in blocking the use of credit cards for online wagering at the point of sale. WSPs would not control implementation, removing capacity for bad faith actors to circumvent a block. The creation of an interactive gambling specific MCC would also not affect lotteries and newsagents and would enhance the ability for merchant facilities to prevent the use of credit cards on illegal offshore wagering websites.

RWA remains committed to supporting the government in progressing the creation of this new MCC.

The use of cryptocurrency for online wagering

RWA supports the proposed ban on the use of digital currency payments and the use of cryptocurrency to make deposits for online wagering and recommends that the draft bill retain the ban as the proposed prohibition protects against the well documented risks and challenges of cryptocurrency as a transaction mechanism.

RWA would also bring to the Committee's attention the practice of cryptocurrency websites issuing their own card schemes, that balance on which may be funded from a customer's cryptocurrency balance. RWA understands that these cards can be obtained by Australians present in country, however it is unclear whether the cards themselves are issued in Australia or overseas. It is also unclear that, should these cards be classified as debit, they would be effectively prevented using a BIN solution.

RWA recommends that the Government review the categorisation of these card schemes to ensure that they are able to be identified and prohibited from being used to deposit funds for online wagering.

Should you require any information regarding the matters raised in this submission, please contact Stuart McKay, Head of Public Policy

Yours sincerely

Kai Cantwell
Chief Executive Officer