



**Personal Finance Research Centre, University of Bristol, UK**

**Submission to inquiry into the Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020**

This response is on behalf of the University of Bristol's [Personal Finance Research Centre](#), which is an independent social research centre based in the UK. Our research has helped improve policy and practice in sectors such as financial services and energy, in turn improving outcomes for consumers.

Our programme of gambling research includes the [MAGPIE programme](#), a three-year partnership with [GambleAware](#) to explore the potential role of financial services firms in reducing gambling harms; and work (with the [Behavioural Insights Team](#)) funded by [Standard Life Foundation](#) that aims to reduce gambling harm through increased understanding of harm to family members; testing of current and new responsible gambling messages; and assessing ease of access to cash near gambling outlets.

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**Based on the British experience of introducing a ban on credit card gambling, we welcome the Bill.**

From 14 April 2020, the Gambling Commission in Great Britain introduced a sector wide ban on the use of credit cards for gambling, with the intention of reducing the harm caused by gambling with borrowed money.<sup>1</sup>

While pre-ban only 5% of deposits to online gambling sites in Britain were made using a credit card, the evidence suggested a relationship between credit card use and high-risk gambling due to easy access to credit cards; the large credit and potential debt available; and the fact that credit cards facilitate continuous play without natural breaks.<sup>2</sup> The Gambling Commission found that credit card gamblers tended to be highly engaged with gambling;<sup>3</sup> and credit cards were disproportionately used for gambling by individuals who were experiencing harm.<sup>4</sup>

The Gambling Commission is commissioning an evaluation of the impact of the ban in 2021;<sup>5</sup> however, it is widely expected to achieve a step change in the reduction of harm from credit-based gambling, and especially for gambling-related debt. It is aimed at gamblers who are most likely to

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<sup>1</sup> <https://www.gamblingcommission.gov.uk/news-action-and-statistics/news/gambling-on-credit-cards-to-be-banned-from-april-2020>

<sup>2</sup> [https://www.greo.ca/Modules/EvidenceCentre/files/GREO\\_04\\_2020\\_CreditCardRER.pdf](https://www.greo.ca/Modules/EvidenceCentre/files/GREO_04_2020_CreditCardRER.pdf)

<sup>3</sup> <http://www.gamblingcommission.gov.uk/Docs/Credit-Card-Users-Analysis.pptx>

<sup>4</sup> <https://www.gamblingcommission.gov.uk/PDF/Consultation-responses-2020/Credit-card-responses-document-final-for-the-pdf-version.pdf>

<sup>5</sup> <https://www.greo.ca/en/programs-services/funding-opportunities.aspx>

benefit from the frictions caused by the ban, by having limited or no immediate access to alternative sources of credit, and where stopping potential debt-incurring gambling is easier than finding a way to circumvent the lack of immediate credit.<sup>6</sup> While survey data shows that six in ten credit card gamblers had also borrowed money to gamble in other ways, these other forms of borrowing may not have offered the same easy access or large credit limits as a credit card.<sup>7</sup>

**The success of the Bill relies on its implementation and financial services firms can play an important role in this.**

The Bill will only achieve its aims if it: 1) is effective in stopping individuals from being able to pay for gambling with a credit card, and 2) does not push individuals towards other methods of funding their gambling that are of equal or higher risk.

Clearly the onus for achieving the first of these rests primarily with gambling operators; however, financial services firms can also play a significant role in ensuring that gambling transactions are not funded with money from credit cards. This is a matter that we have explored as part of our MAGPIE research study with Gamble Aware, in particular through a review of ‘bank card gambling blockers’ that some banks in the UK and elsewhere have introduced (which allow customers to choose to turn off their ability to gamble on their debit and/or credit card).<sup>8</sup>

The role of financial services firms in relation to any credit card ban includes:

- **Preventing or reducing the ease of any ‘workarounds’ to the credit card ban.** Situations will undoubtedly exist where an individual will seek to continue to indirectly fund their gambling using money from a credit card. For example, they may withdraw money from their credit card as cash or may transfer the money to an e-wallet and then gamble. Recognising this, in the UK the Gambling Commission also ensured that the ban applied to money in e-wallets or other money service businesses that had been funded via a credit card.<sup>9</sup> This led some e-wallet providers to announce that they would no longer facilitate gambling transactions,<sup>10</sup> while others developed capabilities to prevent customers from gambling using funds loaded from a credit card. This is especially important as evidence from the UK suggested that prior to the ban 11% of deposits to gambling operators were made through an e-wallet.<sup>11</sup>
- **Financial firms can help achieve a ‘double-sided’ block on gambling with credit cards.** As noted above, the Bill depends predominantly on the gambling operator not accepting payment via credit cards; however, there is a risk that some gambling operators may fail to do so (for example, if they cannot determine that a customer is based in Australia). Australian financial firms, however, could choose – or be mandated – to also impose a ban on gambling transactions via their credit cards. This would mean that on those occasions that a gambling operator continues to take payment via credit card from an Australian customer, the bank would automatically prevent the payment from being made. In the UK,

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<sup>6</sup> <https://www.greo.ca/en/programs-services/resources/CC-Ban---Theory-of-Change.pdf>

<sup>7</sup> <http://www.gamblingcommission.gov.uk/Docs/Credit-Card-Users-Analysis.pptx>

<sup>8</sup> <http://www.bristol.ac.uk/media-library/sites/geography/pfrc/A%20Blueprint%20for%20Bank%20Card%20Gambling%20Blockers%20-%20Report.pdf>

<sup>9</sup> <http://www.gamblingcommission.gov.uk/news-action-and-statistics/News/guidance-on-credit-card-payments-made-through-money-service-businesses-msbs>

<sup>10</sup> <https://uk.news.yahoo.com/revolut-suspends-uk-deposits-gambling-144153338.html>

<sup>11</sup> [https://www.greo.ca/Modules/EvidenceCentre/files/GREO\\_04\\_2020\\_CreditCardRER.pdf](https://www.greo.ca/Modules/EvidenceCentre/files/GREO_04_2020_CreditCardRER.pdf)

this step has been taken by a number of banks, including HSBC (which has approximately 15 million customers in the UK).<sup>12</sup>

**Broader involvement of financial services firms in tackling gambling harms is important.**

The Bill raises a number of interesting questions about the relationship between gambling and financial services more generally, and the role that such firms can play in reducing gambling harms. It is our belief that the regulation of the financial services industry is also an important part of the regulatory framework to protect people from gambling harm. While it is clear from our research that the regulation of financial services should by no means be a replacement for regulating gambling operators themselves, there is good evidence to suggest that financial services firms – including banks, building societies, credit card providers, credit reference agencies and many other types of firm – can play an important role in helping those affected by gambling.

As we note in the '[strategic roadmap](#)' for our MAGPIE programme of research, there are a number of reasons why financial firms are an important consideration in reducing gambling harm:

- First, financial services firms have significant reach into the populations they serve, with the majority of adults (and an increasing number of children) in developed economies being connected to the financial system. This is especially important in a context where only a minority of people with gambling problems seek professional help to deal with their gambling.<sup>13 14</sup>
- Second, via their transaction and other data, financial firms have a unique window into their customers' financial situation. In particular, banks are able to see how much a customer may have spent across multiple gambling operators rather than just one, leaving them well-placed to identify those most at risk of harm.<sup>15</sup> This is also critical in identifying the ways that consumers may be using new or innovative payment systems to circumvent current rules or regulations on gambling. UK-based bank Monzo for example recently launched a campaign to make gambling operators disclose their bank account details because of customers increasingly paying for gambling via direct bank transfer.<sup>16</sup> Having access to this operator data would help financial services firms build comprehensive gambling payment blockers.
- Third, with or without regulatory encouragement, financial firms are already taking actions to support customers affected by gambling – whether through naturally-occurring conversations with customers as part of the debt collection process or more proactive measures such as the 'gambling transaction blocks' that a number of UK banks have already developed as part of a move to give customers more tools to manage their money.

It is therefore important that financial services regulation itself actively recommends evidence-based good practice for firms, but also that any regulator of the gambling sector takes an active role in supporting this evidence base and promoting examples of good practice.

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<sup>12</sup> <https://www.christian.org.uk/news/hdbc-introduces-blanket-ban-on-credit-card-gambling/>

<sup>13</sup> Rodda et al, 2018; Rodda, S. N., Hing, N., Hodgins, D. C., Cheetham, A., Dickins, M., & Lubman, D. I. (2018) [online]. Behaviour change strategies for problem gambling: an analysis of online posts. International Gambling Studies.

<sup>14</sup> Suurvali H., Hodgins D. C., Toneatto T., Cunningham J. A. (2008). Treatment seeking among Ontario problem gamblers: Results of a population survey. Psychiatric Services, 59, pp. 1343–1346.

<sup>15</sup> Swanton, T. B., Gainsbury, S. M., & Blaszczynski, A. (2019). The role of financial institutions in gambling. International Gambling Studies. <https://doi.org/10.1080/14459795.2019.1575450>

<sup>16</sup> <https://monzo.com/blog/support-gambling-self-exclusion>