



Australian Government

**Australian Government Response to the
Parliamentary Joint Committee on Corporations
and Financial Services Inquiry report:**

**Regulation of the use of financial services such as
credit cards and digital wallets for online gambling
in Australia**

May 2023

Introduction

On 25 March 2021, the Parliamentary Joint Committee on Corporations and Financial Services (the committee) began its inquiry, 'Regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia' (the inquiry). The inquiry examined the extent of consumer detriment in using credit cards for online gambling, existing consumer protections and regulatory approaches implemented in other jurisdictions to restrict the use of credit cards for gambling. The committee tabled its final report on 19 November 2021.

The Australian Government (the Government) welcomes the report and recognises the issues raised in it are of great interest to many Australians.

Government work on online gambling protections

The Government is committed to implementing the National Consumer Protection Framework for Online Wagering (National Framework) in collaboration with the states and territories. This work will include the launch of the National Self-Exclusion Register, to be known as BetStop, which is expected to be operational in the coming months. BetStop will allow individuals to self-exclude themselves from all online and telephone wagering services in a single process. Other measures under the National Framework already implemented in 2023 include consistent gambling messaging and responsible online wagering staff training.

On 15 September 2022, the House of Representatives Standing Committee on Social Policy and Legal Affairs launched an inquiry into 'Online gambling and its impacts on those experiencing gambling harm', including the appropriateness of current gambling regulations in light of emerging technologies, payment options and products. The Government will consider the findings of this inquiry when the Committee releases its final report in mid-2023.

Response to Recommendations in Main Report

The committee made 3 recommendations in its report and the Government supports these recommendations.

Responses to the individual recommendations are below:

Recommendation 1

The committee recommends the Australian Government prioritise the collection of data on online gambling in Australia, including the size and growth of the online gambling market, online gambling with credit, and the extent and nature of the associated harms.

The Government **supports in principle** this recommendation.

There is merit in collecting additional data on online gambling in Australia to provide valuable information to Government for policy development.

The Government notes the Department of Social Services is considering the outcomes from a pilot study of a National Gambling Monitoring System by the Australian Gambling Research Centre at the Australian Institute of Family Studies. Further, state and territory governments also collect regular data on gambling and gambling harm, including online gambling, in their joint role with the Commonwealth of regulating online wagering providers.

The Government will work with state and territory governments to determine feasible options for collecting data on online gambling, including whether data already collected can be leveraged, and what new arrangements may need to be developed, to establish an improved dataset that can provide greater insights into online gambling trends in Australia. This will also support the evaluation of the National Framework.

Recommendation 2

The committee recommends that the Australian Government develop and implement legislation to ban online gambling service providers of wagering, gaming and other gambling services (but not lotteries) from accepting payment by credit cards, including via digital wallets.

Recommendation 3

The committee recommends that the Australian Government ensure that, in designing and implementing recommendation 2, these measures have no adverse consequences for lotteries, including the activities of not-for-profits, charities and newsagents.

The Government **supports** recommendations 2 and 3.

The Government will legislate to prohibit the use of credit card payments for online gambling. This will increase consumer protections for persons at risk of gambling harm.

Since the early 2000s, states and territories have prohibited the use of credit cards for gambling at the majority of land-based gambling services, including in casinos, racetracks, TAB outlets and poker machine venues. Extending the ban to interactive gambling services would move towards greater consistency between the online and land-based gambling regulatory regimes.

Banning the use of credit cards for online gambling is also consistent with general community sentiment. Research released by the Australian banking peak body, the Australian Banking Association, in December 2020 noted that 81% of Australians thought gambling on credit cards should be restricted or banned. Consumers who wish to gamble online now have more options available to them for using their own money, including debit cards and bank transfers.

The wagering and banking industries support a ban on credit cards for online gambling. A number of banks and financial institutions ban or restrict their customers from using credit cards for gambling.

The United Kingdom (UK) implemented a ban on the use of credit cards for gambling in 2020. The ban applies to online and land-based gambling (except for lotteries purchased from land-based venues) and was achieved by applying licence conditions to gambling operators. An evaluation report published by the UK Gambling Commission in November 2021 (UK Evaluation) found the ban had achieved positive results to date.

The UK Evaluation found that gambling operators successfully implemented the ban and that financial institutions had been able to block credit card use through digital wallets. It also indicated that gamblers were not falling into debt as frequently or as severely following the introduction of the ban. Most consumers (76%) who previously gambled with credit cards did not change their behaviour to gamble with other types of borrowed money.

The Government will legislate to prohibit the use of credit card payments for online gambling. Consultation with industry and other interested stakeholders will be undertaken on amendments to enact a ban. The Government will take into account any adverse impact on lotteries, including those offered by not-for-profits, charities and newsagents.

The Government will also legislate to provide the Australian Communications and Media Authority (ACMA) with enforceable undertakings and remedial directions powers to enforce the credit card prohibition and other online gambling offences. This was a recommendation in ACMA's Report on the Review of Part 2B of the *Interactive Gambling Act 2001* – Credit betting prohibitions (the ACMA report), which was published in August 2021.

Improving ACMA's enforcement powers is consistent with the ACMA report and will support the ACMA to address potential consumer harms associated with online gambling. An enforceable undertaking would allow the ACMA to negotiate a legally binding commitment given by a person or

entity to act or refrain from acting. A remedial direction would allow the ACMA to provide specific directions to a person or entity to rectify a statutory breach and provide extra assurance around ongoing compliance. Both options are quicker and cheaper than litigation, and would be beneficial for enforcing a ban on credit cards for online gambling, as well as for compliance with existing IGA provisions, including those related to the National Self-Exclusion Register.

Providing these additional enforcement options would also align the ACMA's enforcement powers under the IGA with its existing powers under the *Broadcasting Services Act 1992*, the *Telecommunications Act 1997*, the *Spam Act 2003* and the *Radiocommunications Act 1992*.

The Government will consider the other credit betting recommendations in the ACMA report during consultation on the credit card prohibition.