



29 April 2021

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

By email: ec.sen@aph.gov.au

Dear Sir/Madam

Gambling Amendment (Prohibition on Credit Card Use) Bill 2020

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), Sportsbet and Unibet.

RWA welcomes the opportunity to provide comment on the *Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020* ('the Bill').

RWA members support evidence-based measures to prevent gambling-related harm. There is no compelling evidence to indicate links between the use of credit cards across online betting platforms and the incidence of problem gambling.

RWA remains committed to exploring options to advance research into the online wagering sector, including any relationship between credit card use and consumer behavioural outcomes, to provide an evidence-base for decisions by operators and policymakers.

RWA's position on the Bill is that:

- There is no evidence of a policy failure with the extensive range of wagering regulations already enacted by Commonwealth, and state and territory legislation.
- There is a lack of compelling evidence of a direct link between the use of credit cards for online betting transactions and the incidence of problem gambling in the Australian market.
- Unlike all other consumer wagering payment options, credit card holders have been subject to credit and background checks completely independent of wagering service providers.
- Australia's major banks have consumer protections in place that provide specific tools for consumers to directly manage their credit card betting transactions.

- Removing Australian consumers' ability to use credit cards would provide a further competitive advantage to illegal overseas gambling websites that openly flout Australian law and offer high-risk online casinos and other products that are prohibited in Australia.
- The National Consumer Protection Framework already provides very strong, nationally consistent safeguards specifically for consumers of Australian interactive wagering services.

RWA supports consumers' rights to directly manage their gambling preferences, including self-exclusion and expenditure limits, on a real-time basis.

Consumers can choose to use credit cards to fund their online betting accounts, just as they can to buy scratchies or lotto tickets at one of 4,000 local newsagents (or online using Australian lottery apps). RWA is unaware of compelling evidence that shows that using a credit card for online wagering or at the newsagent to buy lotto tickets is any different to using any other form of payment from a responsible gambling outcomes perspective.

Credit card holders have also been subject to consumer credit and background checks on their ability to safely and responsibly manage an agreed credit limit that have been assessed using impartial criteria, completely independent of any interactions with online wagering providers and well before any online wagering transaction is undertaken.

If there are concerns that customers who use credit cards for wagering or buying lotto tickets are incurring higher interest rates (by virtue of wagering transactions being treated as a cash advance), then this higher charge could be addressed through appropriate regulatory reform of credit cards rather than preventing consumers from exercising economic choice in a free market economy.

Credit cards are no longer a niche product; they are a popular, safe, and convenient way of managing day-to-day finances and undertaking personal retail transactions, and a major facilitator of retail transactions as global economies move towards a new cashless norm. In the absence of compelling case to the contrary, RWA does not support calls to prohibit consumers' ability to use credit cards across their online wagering accounts.

Yours faithfully

Brent Jackson
Chief Executive Officer

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GAMBLING AMENDMENT (PROHIBITION ON CREDIT CARD USE) BILL 2020 DETAILED COMMENTS

Credit Card Use with Australian-Licensed Wagering Providers

Unlike other jurisdictions, such as the United Kingdom, the use credit of cards across online wagering accounts remains a popular consumer choice, and RWA member demographic data indicates that 'credit card only' customers tend to be middle-aged or older, with more established and responsible patterns of behaviour.

Across RWA membership, approximately 20 percent of deposits into wagering accounts are transacted through credit cards. In contrast, the UK Gambling Commission reports that only 3.3 percent of gambling customers in the UK used a credit card with their gambling accounts¹, and with products such as online casinos and online pokies legally offered in the UK, the parallels that can be drawn between the UK and Australian consumer markets are limited.

With 20 percent of Australian consumers using credit cards with their online wagering accounts (40 percent of newsagency customers use credit cards to purchase scratchies and lotto tickets²), and the national incidence of problem gambling variously reported as sitting between 0.5 percent and 1.0 percent³, there is not even a basic correlation between the two variables.

All Credit Card Holders are Independently Assessed

Unlike all other consumer wagering payment options, every credit card holder has been subject to consumer credit and background checks on their ability to manage an agreed credit limit safely and responsibly by or on behalf of the card issuer using impartial criteria.

This assessment is undertaken by financial services providers completely independent of any interactions with online wagering providers and well before any online wagering transaction is undertaken.

Credit and lending criteria are enacted through the *National Consumer Credit Protection Act 2009* and backed by a range of supporting frameworks from the Australian Securities and Investment Commission, the Australian Prudential Regulation Authority and through the banking industry code of practice.

¹ www.gamblingcommission.gov.uk/news-action-and-statistics/news/2020/Gambling-oncredit-cards-to-be-banned-from-April-2020.aspx.

² www.9news.com.au/national/credit-card-ban-lottery-tickets-banking-industry-considering/ad7e831b-281c-4855-b506-bf47297458ab

³ Daniel L., and King, D.L. (2021). The prevalence of loyalty program use and its association with higher risk gambling in Australia. *Journal of Behavioral Addictions*, 9, 4.

Credit provision is heavily regulated in the Australian market and as the Australian Banking Association noted in verbal evidence supporting the *National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020*, the spending habits of individual consumers are seldom the cause of financial difficulty:

*"Banks know from decades of experience that Australians are reliable and responsible borrowers. They adjust their lifestyle to repay their loans, and when things go wrong it is rarely, if ever, due to spending habits but more to major life events that impact income, such as job loss, illness or divorce..."*⁴ (p.37)

In the absence of an evidence based or clear and pressing need for action or reform, RWA does not support the imposition of rules that would make moral decisions on behalf of consumers about what they can and cannot spend their money on, especially when their ability to make spending decisions has been independently assessed using standards proposed, debated and agreed by parliament.

Payment Methods and Consumer Outcomes

As leading Australian academic researchers have concluded, *"there is very limited direct evidence of the impact of payment methods on gambling harms."*⁵ Although correlation is not an adequate basis to determine causal relationships, the regulatory example of Sweden is useful insofar as this jurisdiction imposes no limitations on digital payment methods – including credit cards – and problem gambling rates have shown a continual decline over time⁶.

As with all retail consumer transactions, a cash customer is an anonymous customer. Australia's online wagering service providers avoid the many pitfalls and risks of anonymous cash betting as all accounts are subject to mandatory identity verification, and all account payments are readily tracked in line with obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

Responsible Gambling Trends and Online Wagering

As Australian researchers Gainsbury and Blaszczynski (2020)⁷ note *"despite the exponential increase in online gambling, which is almost entirely based on digital payments, problem gambling prevalence rates internationally have held steady or declined..."* (p.470)

The latest independent peer-reviewed academic research in this field has found that online wagering in Australia is the least likely form of gambling to be the cause of developing a gambling problem. Unlike anonymous cash-based forms of gambling, such as pokies or retail TABs, there is

⁴ National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020 [Provisions].

⁵ Gainsbury, S.M., and Blaszczynski, A. (2020). Digital gambling payment methods: Harm minimization policy considerations. *Gaming Law Review*, 24, 7, 466-472.

⁶ Romild, U., Svensson, J, and Volberg R. (2016). A Gender Perspective on Gambling Clusters in Sweden Using Longitudinal Data. *Biostatistics and Epidemiology Faculty Publications Series*, 33, 1, 43-60.

⁷ Gainsbury, S.M., and Blaszczynski, A. (2020). Digital gambling payment methods: Harm minimization policy considerations. *Gaming Law Review*, 24, 7, 466-472.

no causal relationship between online wagering on sport and racing and the development of a gambling problem⁸. Indeed, this same research highlights that online pokies (or online EGMs – electronic gaming machines) are uniquely associated with strong gambling harm. Online pokies are prohibited in the Australian market and are not offered by RWA members.

In addition to online wagering on racing and sport being a very low-risk form of gambling, it is also subject to a high degree of regulation, covered by a dedicated National Consumer Protection Framework (delivered in agreement between all Australian governments) and offers unparalleled consumer protection tools, including binding deposit limits, restrictions on direct marketing and prohibition of sign-up inducements.

Recent media commentary by some advocates of a prohibition on credit card use drew upon research published by the Australian Gambling Research Centre (AGRC)⁹ that used a non-representative sample of survey responses to examine gambling habits during the COVID-19 pandemic. Using a pool of research subjects where almost 80 percent are at-risk gamblers will never provide an accurate picture of gambling behaviour and automatically set the survey up for skewed results and misleading commentary.

To highlight how misleading this data could be when taken out of context, previous benchmark AGRC data¹⁰ reported the incidence of 'any risk' gambling in the Australian population as being less than eight percent. If representative, this latest survey would signify a 900 percent increase since 2017, which is completely at odds with actual population data.

In contrast, rigorous and controlled academic studies reviewing the incidence of gambling during the COVID-19 pandemic revealed an entirely different reality. For example, the Australian National University reported that levels of gambling declined significantly across the pandemic, and this was also accompanied by a decline in problem gambling across the entire population and within the population who continued to gamble across the pandemic¹¹.

Similarly, University of Sydney research showed that consumers reduced the frequency of both land-based *and* online gambling activities across the height of the COVID-19 period¹².

⁸ Gainsbury, S.M., Angus, D.J. and Blaszczynski, A. (2019). Isolating the impact of specific gambling activities and modes on problem gambling and psychological distress in internet gamblers. *BMC Public Health* 19, 1372.

⁹ Jenkinson, R. Sakata, K., Khokhar, T., Tajin, R., and Jatkar, U. (2020). *Gambling in Australia during COVID-19*. Australian Institute of Family Studies (Australian Gambling Research Centre), Melbourne.

¹⁰ Armstrong, A. and Carroll, M. (2017). *Gambling activity in Australia: Findings from wave 15 of the Household, Income and Labour Dynamics in Australia (HILDA) Survey*. Australian Institute of Family Studies (Australian Gambling Research Centre), Melbourne.

¹¹ Biddle, N. (2020). *Gambling During the COVID-19 Pandemic*. ANU Centre for Social Research and Methods, Canberra.

¹² www.sydney.edu.au/news-opinion/news/2020/12/04/sustained-drop-in-gambling-frequency-since-pubs-clubs-re-opened.html

Prior to the COVID-19 pandemic consumer preferences were shifting away from traditional retail betting options towards safer and more regulated online wagering platforms, and this has been reflected in retail turnover trends for monopoly retail betting provider Tabcorp.

Some public commentary pointed to an upswing in online betting across the COVID-19 pandemic. As with every other retail business across the country that was forced to close its doors due to lockdowns and public health restrictions, a general consumer transition to online options and e-commerce was also seen across the wagering sector.

While consumer preferences were shifting away from retail wagering prior to the pandemic, the presence of a structural shift in consumer behaviour is yet to be determined and such uncertainty should not be used to drive policy.

From a consumer protection perspective, any shift away from the anonymous cash-based retail betting environment to the strictly controlled online wagering environment is a positive responsible gambling outcome.

Existing Bank Protections

A number of Australia's major banks already have strong credit card protections in place. Banks give customers the ability to set limits on gambling transactions, and they allow people to temporarily opt-out of gambling activity or even to permanently ban themselves from gambling. Additionally, some banks impose compulsory blocks on gambling transactions when an agreed percentage of a customer's credit limit has been reached, irrespective of what the funds have been spent on.

Further protections are also provided as part of the National Consumer Protection Framework (NCPF) that specifically regulate online betting. Consistent with the NCPF policy, RWA supports a mandated ability for all consumers, including those using credit cards, to directly manage their gambling expenditure through:

- An ability to set limits on gambling transactions.
- An ability to temporarily opt-out of gambling transactions ('time-outs').
- An ability to permanently stop all gambling transactions ('self-exclusion').

In line with existing protections provided by RWA members, we advocate that these options should apply immediately to consumer accounts and have a mandatory 7-day cooling-off period before being removed, except self-exclusion which would not be subject to a cooling-off period.

RWA supports these measures being mandated within existing financial services regulatory frameworks.

Illegal Overseas Gambling Websites

RWA supports strong regulatory action to prevent illegal offshore gambling websites from offering products and services to Australian consumers and RWA remains a strong supporter of the

ongoing role of the Australian Communications and Media Authority, through the *Interactive Gambling Act 2001*, in combatting illegal offshore operators.

These illegal online platforms entice Australian consumers by offering products prohibited in the Australian market, such as in-play betting, online pokies and online casino games. As they pay no Australian taxes and make no contribution to the domestic sports and racing industry, they are free to offer major financial incentives to Australian consumers.

While reliable data on the quantum of black-market activity is difficult to compile, RWA utilises independent research undertaken by internationally recognised UK analysts *H2 Gambling Capital* showing:

- AU\$1.016 billion is spent by Australians each year on illegal overseas gambling websites.
- The ongoing operation of illegal offshore gambling sites represents +\$360 million of lost tax revenue each year.

Removing the ability of Australian consumers to use credit cards as a legitimate payment method across their online wagering accounts would provide a further competitive advantage to illegal overseas gambling websites that are not bound by Australian legislation.

These websites deliberately flout Australian law and operate with no regard for consumer protection or responsible gambling behaviour. With hundreds of these sites actively targeting the Australian market, the risk to consumer protection is significant.

Consumer Protection Tools

RWA members are bound to promote responsible gambling practices and minimise the likelihood of problem gambling behaviour. An individual must open an account to place a bet with any RWA member. As a condition of their licences to operate, RWA members are required to, among other things:

- Promote responsible gambling to all account holders and foster a culture of responsible gambling within their organisations.
- Monitor each account holder's behaviour for any potential gambling 'red flag behaviours'; and
- Directly intervene with the customer where potentially problematic behaviour is identified.

A key advantage of account-based wagering over in-venue gambling is that consumer protection tools in the online environment are binding and cannot be circumvented. For example, should a customer reach their pre-committed deposit limit in an agreed period they are unable to deposit additional funds into their wagering account. This control cannot be overridden by either the customer or the wagering operator.

RWA Members offer a range of sophisticated tools to assist their customers to stay in control of their own wagering. A non-exhaustive list includes:

- **Deposit Limits:** RWA members proactively offer customers the ability to set a deposit limit, which imposes a binding maximum level on the amount of funds a customer can deposit into

their wagering account. Deposit limits are an important tool to encourage customers to consider how much they can afford to spend before they start wagering. Every customer is asked to consider setting a deposit limit when they open a wagering account. Existing customers are reminded about the option of setting a deposit limit at least once every 12 months. If a customer agrees to set a deposit limit, it will apply immediately. However, if a customer decides to increase their deposit limit, a compulsory 7-day cooling off period is imposed. Deposit limits are an important tool that encourages customers to consider how much they can afford to spend before they start gambling.

- **Take a Break:** RWA members provide customers the option to self-exclude from wagering services for fixed periods, or indefinitely, at the customer's absolute discretion. Take a break options allow customers to take time out from gambling activities and stay in control of their wagering activity.
- **Monitoring, Alerts and Proactive Intervention:** RWA members constantly monitor the behaviour of account holders to identify any potentially problematic behaviour and directly intervene with customers to address any such behaviour. Responsible gambling teams across RWA members directly engage with a significant number of customers (in some cases leading over 12,000 interactions per year). These teams proactively monitor customer activity, identify single incident triggers, and provide direct customer referrals to support services.

RWA member platforms are sophisticated information technology interfaces, and this creates extensive datasets which are used in conjunction with other harm minimisation methods to develop predictive modelling to help identify customers who may be at risk of gambling harm. This significantly reduces the opportunity for human error and provides simultaneous real-time monitoring across thousands of customer transactions.

National Consumer Protection Framework

The National Consumer Protection Framework (NCPF) provides strong, nationally consistent protections for consumers of Australian interactive wagering services. The NCPF consists of ten measures to "*empower individuals, and ensure the harm from online wagering is minimised.*"¹³

The measures are designed to provide consumers with easy-to-use tools and information to better control their gambling. At its inception, the NCPF was envisaged to apply to approximately two-and-a-half-million active online wagering accounts in Australia.

The NCPF was agreed to by Commonwealth, and state and territory governments, and RWA remains a strong supporter of the NCPF. Once fully implemented, the NCPF will position Australia as a global leader in consumer protection.

¹³ www.dss.gov.au/communities-and-vulnerable-people-programs-services-gambling/national-consumer-protection-framework-for-online-wagering-0

The overall aim of responsible wagering is to proactively promote safe habits and reduce the incidence of problem gambling. This involves a shared sense of responsibility, accountability and collaboration between the consumer, wagering service provider and regulators.

RWA and its members continuously advocate for improved safeguards to protect Australian consumers. NCPF measures include:

- o Prohibition of lines of credit being offered to customers.
- o Prohibition of payday lending services used for betting.
- o Strengthened customer age and identity verification procedures.
- o Restrictions on incentives and account sign-up offers.
- o Simpler account closure procedures.
- o Mandatory voluntary deposit limits.
- o Easily accessible activity statements on account spending.
- o Consistent responsible gambling messaging.
- o Staff trained in responsible gambling best practice.
- o A National Self-Exclusion Register.