

## **Submission to the Inquiry into online gambling and its impacts on those experiencing gambling harm**

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Our submission below draws on several of our major studies into online gambling; advertising and inducements for online wagering; youth gambling; and ‘gamblified’ products linked to video games including loot boxes, social casino games and skin gambling. It is presented in four main sections:

1. National surveys of online gambling
2. Smartphone betting
3. Online gambling advertising and inducements
4. Gambling-like activities such as simulated gambling in video games
5. Recommendations

Our submission is most relevant to the Inquiry’s following Terms of Reference:

- the effectiveness of existing consumer protections aimed at reducing online gambling harm
- how to better target programs to address online gambling harm to reduce the potential exploitation of at-risk people, and protect individuals, families and communities
- the impact of current regulatory and licensing regimes for online gambling on the effectiveness of harm minimisation and consumer protection efforts
- the appropriateness of the definition of ‘gambling service’ in the Interactive Gambling Act 2001 (Cth), and whether it should be amended to capture additional gambling-like activities such as simulated gambling in video games (e.g., loot boxes and social casino games)
- the effectiveness of protections against illegal online gambling services, including casino style gambling such as online blackjack and slot machines
- the effectiveness of current gambling advertising restrictions on limiting children’s exposure to gambling products and services (e.g., promotion of betting odds during live sport broadcasts), including consideration of the impact of advertising through social media, sponsorship or branding from online licenced gambling operators.

## 1. National surveys of online gambling

In 2021, we published *The second national study of interactive gambling in Australia (2019-20)*.<sup>1</sup> The multi-stage study included: a literature review; environmental scan; National Telephone Survey ( $N = 15,000$ ); National Online Survey of gamblers ( $N = 5,019$ ); Longitudinal Cohort Study of respondents to both the 2012 and 2019 National Online Surveys ( $N = 437$ ); interviews with 49 online gamblers; and compilation of gambling help service data. Comparisons were drawn with our first Australian study of online gambling based on 2010/11 data.<sup>2</sup> Key findings of the 2021 study are summarised below.

Online gambling has changed substantially since the last national survey was published in 2014. Notable trends include rapidly growing participation, the emergence of new products, the rise of smartphone betting which has increased accessibility, prolific wagering advertising and inducements, substantial use of illegal offshore operators, limited use of consumer protection tools and help services, and increased rates of problem gambling amongst online gamblers. These changing trends indicate that regular national studies are needed to ensure that policy developments, industry regulations, public health measures and gambling help services are informed by current knowledge and awareness of shifting trends that relate to online gambling.

Further, the prevalence of problem gambling has increased since 2010/11 despite declining gambling participation. The increase in problem gambling amongst *both* online and non-online gamblers since 2010/11, and evidence of harm to gamblers and affected others, indicate that current policy, practice and regulations are failing to reduce gambling harm from either online or land-based gambling products.

This increase in problem gambling in Australia stands in contrast to many overseas jurisdictions where problem gambling prevalence is static or declining. Stronger policy, regulatory and public health responses are needed in Australia to reduce the harm caused by both online and non-online gambling. The findings indicate that people experiencing a gambling problem find it difficult to self-regulate their gambling. Instead, consumers would be better protected by mandatory and improved practices for both the safer provision and consumption of gambling.

We particularly draw the Inquiry's attention to Section 11.12 of the 2021 study report, where we make recommendations that are relevant to many of the Inquiry's Terms of Reference.

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<sup>1</sup> Hing, N., Russell, A., Browne, M., Rockloff, M., Greer, N., Rawat, V., Stevens, M., Dowling, N., Merkouris, S., King, D., Breen, H., Salonen, A., & Woo, L. (2021). *The second national study of interactive gambling in Australia (2019-20)*. Sydney: Gambling Research Australia.  
<https://www.gamblingresearch.org.au/sites/default/files/2021-10/Final%20IGS%20report%202021.pdf>

<sup>2</sup> Hing, N., Gainsbury, S., Blaszczynski, A., Wood, R., Lubman, D., & Russell, A. (2014). *Interactive gambling*. Melbourne: Gambling Research Australia.  
<https://www.gamblingresearch.org.au/publications/interactive-gambling-study>

## 2. Smartphone betting

We also draw the Inquiry's attention to our recent study on Smartphone betting conducted for the NSW Responsible Gambling Trust.<sup>3</sup> The study drew on interviews with 33 young adults who bet online at-least fortnightly on sports, a discrete choice experiment of sports bettors ( $N = 616$ ), and an ecological momentary assessment of betting behaviour over 10 weeks ( $N = 267$ ). Key findings are below.

- Mobile betting using smartphones accounts for nearly the entire growth of online betting in Australia in recent years.
- The portability of smartphones has significantly enhanced the constant availability of betting, and convenient and instant access to a greater number of betting opportunities available 24/7 from any location. This instant accessibility is unique to smartphone betting and allows bettors to rapidly and immediately act on an urge to gamble.
- More specifically, smartphone betting enables 1) quick easy access from home, 2) ability to bet anywhere anytime, 3) privacy while betting, 4) greater access to promotions and betting options, and 5) ability to use electronic financial transactions. These features were found to increase harmful betting behaviours amongst sports bettors, such as betting more than planned, impulse betting, uptake of betting inducements, and betting with multiple operators.
- Three features were significantly associated with greater short-term harm from betting (to finances, relationships, mental and physical health, and work/study). These features were 1) privacy while betting, 2) ability to bet anywhere anytime, and 3) greater access to promotions and betting options.

## 3. Online gambling advertising and inducements

A further study relevant to the Inquiry's Terms of Reference is a major piece of research on wagering marketing that we conducted for the Victorian Responsible Gambling Foundation.<sup>4</sup> Methods included an ecological momentary assessment study that captured exposure to wagering marketing and betting behaviour over 15 surveys, from frequent bettors on races ( $N = 402$ ) and sports ( $N = 320$ ). It also conducted an experimental study to test the effects of four types of wagering inducements (bonus bet, better odds, reduced risk, cash rebate) on the propensity to choose riskier bets (with greater theoretical loss). A psychophysiological study measured electrodermal, cardiac and eye movement responses of 60 participants to wagering advertisements. We also conducted interviews with 31 frequent race and sports bettors. Key findings include:

<sup>3</sup> Hing, N., Russell, A., Browne, M., Rockloff, M., Lole, L., Tulloch, C., Newall, P., Thorne, H. & Greer, N. (2022). *Smartphone betting on sports, esports and daily fantasy sports amongst young adults*. Sydney: NSW Responsible Gambling Fund; CQUniversity Australia.  
<https://www.gambleaware.nsw.gov.au/-/media/files/published-research-pdfs/smartphone-betting-research-final-report.ashx?rev=0825f4480ab0499da9d624d7da57210a&hash=E8E4B63A61B50A8CA3230E4B6FD1BEB8>

<sup>4</sup> Hing, N., Russell, A., Rockloff, M.J., Browne, M., Langham, E., Li, E., Lole, L., Greer, N., Thomas, A., Jenkinson, R., Rawat, V., & Thorne, H. (2018). *Effects of wagering marketing on vulnerable adults*. Melbourne: Victorian Responsible Gambling Foundation.  
<https://responsiblegambling.vic.gov.au/resources/publications/effects-of-wagering-marketing-on-vulnerable-adults-408/>

- Wagering advertisements and inducements are prolific; encourage riskier betting; increase betting expenditure; arouse urges to bet amongst vulnerable gamblers; and have negative effects on all gambler risk groups.
- While aggregate exposure across *all* types of advertisements and inducements increased betting expenditure, those with *most* influence were direct messages from wagering operators; advertisements on betting websites and apps; betting brands promoted during live and televised race/sports events; commentary promoting betting or betting odds during events; stake-back offers; multi-bet offers; and inducements for rewards program points.
- Inducement information in wagering advertisements was found to override attention to responsible gambling information.
- The appeal of these inducements is that many bettors think they minimise betting losses. However, these inducements actually *increase* rather than decrease losses by encouraging riskier bets (with longer odds) and increased betting expenditure.

Our Youth Gambling Study 2020 conducted for the NSW Responsible Gambling Trust on gambling amongst adolescents aged 12-17 years in NSW also highlighted their frequent exposure to online gambling advertising.<sup>5</sup>

- Nearly half (46.1%) of young people reported noticing gambling advertising on television during sports and racing events at least weekly. Two-fifths (42.9%) noticed other gambling advertising on television, and about one-third (34.8%) noticed gambling advertising in online and social media at-least once a week.
- One-third of adolescents reported that gambling advertising had increased their knowledge of gambling options. Nearly one-third considered betting on sports to be normal, and more than one-in-six felt that knowing the betting odds was part of following sport and makes watching sport more exciting. These findings demonstrate the normalising influence of sports betting advertising among young Australians.
- Increased exposure to gambling advertising, and thinking more positively about gambling due to seeing gambling advertisements, were associated with increased gambling participation, intentions and problems amongst youth. Positive attitudes towards gambling nurtured by gambling advertisements increased the likelihood of gambling problems amongst respondents.

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<sup>5</sup> Hing, N., Russell, A., King, D., Rockloff, M., Browne, M., Greer, N., Newall, P., Sproston, K., Chen, L., & Coughlin, S. (2021). *NSW youth gambling study 2020*. Sydney: NSW Responsible Gambling Fund. <https://www.gambleaware.nsw.gov.au/-/media/files/nsw-youth-gambling-study-2020-research-summary.ashx>

#### 4. Gambling-like activities such as simulated gambling in video games

We published an invited commentary in *Lancet Child and Adolescent Health*, based on our several studies of simulated gambling, especially among young people.<sup>6 7</sup> Key findings were as follows.

- Adolescents of the current generation are turning to digital games that often have gambling components. Up to 40% of adolescents have gambled on digital games in the past year, including loot boxes, chance-based mini-games, social casino games, and demo games. In some of these games, players can win virtual credits or items, which can then be gambled on dedicated gambling websites. Adolescents can also bet on competitive video games, termed esports, using cash or skins.
- A recent Australian study found that some of the most popular gambling-related activities for teens aged 12-17 are buying loot boxes (36.5% in the last year), playing games with mini gambling components (31.7%), demo games (14.2%), social casino games on apps or social media (26.0%), and skin gambling (14.5%). This latter figure includes skin-gambling on esports (6.2%).
- Playing gamblified games leads to a higher risk of developing both gambling and video-gaming problems among adolescents, which can negatively affect their health and wellbeing. Even if they don't develop an addiction, gambling or gaming can still cause problems for young people in areas like their mental and physical health, family and social relationships, school and work, and finances. The effects of gambling and gaming problems during adolescence can last into adulthood.
- It is not clear if adolescents who play gamblified games face higher risks of gambling problems in adulthood, but preliminary research suggests that there may be harmful effects associated with these types of games. Gamblified games may nurture harmful psychosocial processes, behaviours, and dependency in real-money gambling, particularly among people with vulnerabilities.
- Acquiring items of monetary or prestige value is an attractive feature of gamblified games, similar to gambling. What attracts people psychologically to these games does not require the rewards to be financial. The odds of winning in these games are

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<sup>6</sup> Hing, N., Browne, M., Rockloff, M., Lole, L., & Russell, A. (2022). Gamblification: risks of digital gambling games to adolescents. *Lancet Child and Adolescent Health*, 6, 357-359. DOI: [https://doi.org/10.1016/S2352-4642\(22\)00124-9](https://doi.org/10.1016/S2352-4642(22)00124-9)

<sup>7</sup> Hing, N., Dittman, C., Russell, A. M. T., King, D. L., Rockloff, M., Browne, M., Newall, P., & Greer, N. (2022). Adolescents who play and spend money in simulated gambling games are at heightened risk of gambling problems. *International Journal of Environmental Research and Public Health*, 19(17), 10652. <https://doi.org/10.3390/ijerph191710652>; Hing, N., Lole, L., Russell, A. M. T., Rockloff, M., King, D., Browne, M., Newall, P., & Greer, N. (2022). Adolescent betting on esports using cash and skins: Links with gaming, monetary gambling, and problematic gambling. *PLoS One*, 17(5): e0266571. <https://doi.org/10.1371/journal.pone.0266571>; Hing, N., Rockloff, M., Russell, A. M. T., Browne, M., Newall, P., Greer, N., King, D., & Thorne, H. (2022). Loot box purchasing is linked to problem gambling in adolescents when controlling for monetary gambling participation. *Journal of Behavioral Addictions*, 11(2), 396-405. <https://doi.org/10.1556/2006.2022.00015>; Hing, N., Russell, A. M. T., Bryden, G., Newall, P., King, D., Rockloff, M., Browne, M., & Greer, N. (2021). Skin gambling predicts problematic gambling amongst adolescents, when controlling for monetary gambling. *Journal of Behavioral Addictions*, 10(4), 920-931. <https://doi.org/10.1556/2006.2021.00078>; Rockloff, M., Russell, A. M. T., Greer, N., Lole, L., Hing, N., Browne, M. (2021). Young people who purchase loot boxes are more likely to have gambling problems: An online survey of adolescents and young adults living in NSW Australia. *Journal of Behavioral Addictions*, 10(1), 35-41. <https://doi.org/10.1556/2006.2021.00007>

often opaque, inflated, and provide early big-wins. This may nurture persistence and create unreasonable expectations when applied to monetary gambling.

- Games that are gamblified are often based on random rewards that vary in value. Through behavioural conditioning, this kind of reinforcement schedule encourages players to develop behaviours quickly that are then difficult to extinguish.
- The way that gamblified games allow players to manipulate features (e.g., picking red or black in roulette) encourages illusions of control, and thereby magnifies misunderstanding of how randomised or manipulated rewards are determined. If transferred to monetary gambling, this can foster elevated risk-taking and persistence.
- Monetised games, which encourage real money purchases of skins, loot boxes, and continued play are particularly detrimental if behaviours are transferred to monetary gambling. Adolescents engaging in microtransactions in gamblified games report more frequent spending on monetary gambling, and more symptoms of problems gambling.
- Gamblified games act to normalise gambling and train young people in potentially addictive and maladaptive behaviours. Moreover, there are no consumer protections, such as age-gating, and the ability to track expenditure, set limits, or self-exclude. Advertising in online and social media is prolific, and young people report not being able to distinguish between advertising for social casino games and for monetary gambling – and interpret both as promoting gambling.
- Gambling is typically defined in regulation as staking something of value on an event with an uncertain outcome for the chance to win something of value. Regulators typically exclude gamblified games from their definition of gambling because the 'value' is not real money. However, this narrow interpretation is no longer fit-for-purpose. It fails to consider that 'something of value' can also include skins, other virtual items, and socially-endorsed indicators of success. These indicators of value are particularly motivating for adolescents who are at high-risk for gambling-related problems and harm.

## 5. Our key recommendations

Based on the research evidence discussed above, we make the following recommendations to improve consumer protection and reduce the harm from online gambling in Australia:

- Current consumer protection measures, largely based on an informed choice model, have been ineffective in reducing gambling problems in the Australian population. A public health approach is needed to address gambling harm across the spectrum of gamblers by implementing more proactive consumer protection measures, and policy and regulation that focus on the provision of less harmful gambling products and gambling environments.
- To reduce the growing harm from online gambling, a universal and mandatory pre-commitment system is needed where customers set binding limits across all their betting accounts.
- Further restrictions on wagering advertising and inducements are needed, especially on television, in online and social media and in push marketing. Direct messages with inducements (texts, emails, notifications, phone calls) are particularly

problematic and require restrictions or stringent opt-in requirements. Research has consistently linked wagering inducements with more harmful betting and consequent harm.

- Children and young people are routinely exposed to wagering advertising, mostly when they watch televised sport. Further restrictions on the timing and placement of these adverts are needed to reduce current and future gambling harm to this generation.
- With the increasing shift to smartphone betting, there is a need to ensure that consumer protection tools for online gambling are prominent and easily accessed on smartphone betting apps.
- More effective measures are needed to block illegal online gambling operators and to raise consumer awareness of the legal restrictions on online gambling provision, since a substantial proportion of online gamblers report using illegal sites.
- Greater encouragement to use wagering consumer protection tools as a preventative measure is needed, including through consumer education and greater prominence on betting websites and apps.
- However, current consumer protection measures are inadequate for people with an existing gambling problem. People with a gambling addiction have reported that it is unrealistic to expect them to be able to self-regulate their online gambling, given its easy access, frequent advertising and prolific inducements. These consumers want regulation mandating more proactive operator practices. These include mandatory betting limits, affordability checks, player tracking systems that trigger interventions appropriate to risk level, customer verification before gambling is allowed, and prohibiting credit card use for online gambling.
- To optimise help-seeking, efforts are needed to reduce the stigma associated with gambling problems and to educate and assist people to support a friend or family member to address a gambling problem.
- The definition of 'gambling service' in the Interactive Gambling Act 2001 should be expanded to include loot boxes, social casino games, and skin gambling, since these activities share many harmful characteristics of monetary gambling and therefore warrant adequate consumer protection and gambling harm minimisation measures, including advertising restrictions.
- Prevalence studies should measure the total burden of gambling-related harm in the population, including harm to self, harm to affected others, and harm to children – to enable appropriately informed policy responses.