

European Commission Green Paper on online gambling in the Internal Market

A response from the National Centre for Social Research

28 July 2011

Introduction:

1. We welcome the opportunity to contribute evidence to the European Commission's Green Paper on online gambling in the Internal Market. We believe that policy and regulatory decisions should be informed by robust empirical evidence. Ongoing research and evaluation based on sound scientific principles is critical to providing such evidence.
2. The National Centre for Social Research is a not for profit educational charity and the leading independent social research institute in the UK. We have considerable expertise in gambling research having designed, conducted and analysed all three studies in the British Gambling Prevalence Survey series and conducted a number of important related studies exploring gambling behaviour in Britain in depth. We therefore have a great deal of expertise and knowledge about gambling in Britain today and are keen to share our insight based on this.
3. This response focuses on the inquiry questions to which our experience is most pertinent: gambling behaviour, problem gambling and the relationship with online gambling (questions 15, 17-19 specifically). Our response emphasises the challenges of answering these questions with the current evidence base.
4. As context to this response, it is important to note that the British Gambling Prevalence Survey 2010 showed that 14% of the British population had, in the past year, used the internet to gamble. However, half of all past year online activity was accounted for by people using the internet to purchase their National Lottery tickets online only, with the other half of online activity being a mix of online betting and gaming.
5. Overall, between 2007 and 2010, the prevalence of using the internet to gamble on these latter activities increased significantly from 6% to 7%. In 2010, of those who reported taking part in these activities online, around one in four (c.25%) reported betting or gambling online once a week or more often. This compares with 59% who reported buying tickets for the National Lottery in the past year, 60% of whom took part once a week or more often. The next most popular activity was scratchcards (24%) with around one in four of past year participants purchasing scratchcards at least once a week. This demonstrates that in Great Britain, online gambling and, in particular, *regular* participation in online gambling remains very much a minority pursuit – albeit one that has become slightly more common.

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Our response:

Question 15

6. Question 15 of the Green Paper specifically requests evidence relating to whether factors such as event frequency or accessibility and the social environment are central to the development of problem gambling and/or excessive use of online gambling services. It requests that, where possible, the factors be ranked.
7. Firstly, we believe that any assessment of the impact of these factors upon the development of problem gambling should draw on robust empirical evidence. The factors presented for comment in the Green Paper represent a mix of micro and macro variables which may either influence a) gambling behaviour within an individual session and/or b) gambling behaviour or involvement more broadly.
8. The evidence base relating to these factors is, in our view, insufficient to be able to ascribe relative importance to each factor. But, more importantly, producing such a ranking does not fully recognise the broader framework in which problem gambling should be considered. It is increasingly recognised that the experience of gambling-related harm is likely to be the product of complex interactions between the individual gambler, the broader environment in which they operate and the gambling activity itself. Therefore, we would recommend that a more holistic perspective be adopted which considers the interaction of these issues, rather than one which attempts to isolate and rank these factors, as they are likely to operate differently depending on a variety of contexts.
9. Secondly, with regard to factors such as accessibility and social environment or commercial communications which could increase risk of harm for vulnerable groups, the evidence is mixed. The issue of accessibility and availability of gambling and its impact on behaviour is subject to debate, with researchers considering theories of 'exposure' and 'adaptation' and the interplay between them. This may be illustrated by evidence from the British Gambling Prevalence Survey (BGPS) series.
10. The BGPS series provides national data about gambling behaviour. It was conducted in 1999, 2007 (prior to the full implementation of the Gambling Act 2005) and again in 2010, allowing changes in gambling behaviour to be monitored. It is a large scale survey of the adult population in Great Britain living in private households. To date, more than 23,000 adults aged 16 and over have taken part in the study.
11. Though the study provides rich data about gambling behaviour in Britain, as a repeat, cross-sectional survey, it can not say *why* any changes have occurred. Furthermore, the study has only been conducted on three occasions, meaning that it is difficult to detect underlying trends and patterns in gambling behaviour and that any changes observed between survey years need to be carefully interpreted.
12. This can be illustrated with reference to the example of betting on sports and other events. Changes in the restrictions of advertising were arguably, for the general public, one of the most visible changes introduced between the 2007 and 2010 study, with the

sports betting sector in particular embracing new forms of advertising permitted since 2007. This may be viewed as a form of increased exposure as the availability of sports betting products is promoted, coupled with an increase in accessibility offered by the development of the online gambling market. Between 2007 and 2010, the prevalence of betting on sports and other events increased significantly from 6% to 9%.

13. However, increases in the prevalence of sports and other betting were already evident prior to the implementation of the new advertising laws in 2007, rising from 3% in 1999. Furthermore, data from the 2010 study showed that the majority of sports betting was conducted offline (comparable estimates are not available for earlier studies). Therefore, it is not possible to say whether the increase observed in 2010 is the result of the implementation of advertising and/or due to an increase in recent availability of these products, as there is evidence of a trend which pre-dates some of these changes. Likewise, we do not know what the result would have been if advertising or if online betting had not been available and it is not possible to discern what proportion of the increase is attributable to advertising or to increased accessibility or to other factors.
14. This demonstrates a key problem affecting much of the empirical evidence base for gambling research. Cross-sectional research, such as the BGPS series, provides rich information about patterns of gambling behaviour and much needed monitoring of any changes in behaviour. However, it can not demonstrate causal links or definitively explain why changes have occurred. This limits the applicability of such evidence to questions such as the impact of access and availability of gambling upon the propensity to experience gambling-related harm. Gambling behaviour and problem gambling are complex phenomena, requiring a multi-faceted approach and use of appropriate research designs. All evidence about factors which may contribute to problem gambling should be critically evaluated bearing these caveats in mind.

Question 17

15. Question 17 asks for evidence relating to the scale of problem gambling at a national level. In Britain, this has been routinely monitored as part of the BGPS series.
16. The BGPS 2010 included two instruments designed to measure problem gambling prevalence rates: the Problem Gambling Severity Index (PGSI) and an instrument based on the American Psychiatric Association Diagnostic and Statistical Manual of Mental Disorders (version four: DSM-IV). The instruments were developed and designed for purposes. The PGSI was developed to measure levels of gambling related harm at a population level and included more focus on the harms associated with gambling (such as ill health). The DSM-IV was initially designed as a list of criteria to be used by clinicians in diagnosis. Each instrument therefore uses different questions and thresholds to categorise problem gamblers. As such, two different problem gambling prevalence rates are available in each survey year: one based on the PGSI and one based on the DSM-IV.¹

¹ This is true for BGPS 2010 and 2007. In BGPS 1999 pre-dated development of the PGSI and that survey used an alternative instrument called the South Oaks Gambling Screen along with the DSM-IV.

17. In Britain, prevalence rates have typically ranged between 0.5% – 0.9%. The 2010 results showed that there was no statistically significant change in the prevalence of problem gambling when measured using the PGSI criteria (rates were 0.5% and 0.7% respectively). However, when problem gambling was defined using the DSM-IV, rates in 2010 were significantly higher than 2007 and 2010, rising from 0.6% in the earlier studies to 0.9% in 2010. The interpretation of this result needs careful consideration. This finding was at the margins of statistical significance. The p-value was 0.049, the threshold for significance being 0.05. A number of further statistical tests were performed to assess whether changes in the underlying profile of respondents affected this result. The difference remained significant.
18. There is some debate about how to interpret this finding. While we recommend caution for the reasons outlined above, when viewed in the context of other findings within the survey, the increase seems plausible. For example, BGPS 2010 showed that a greater number of people than ever before were gambling on activities other than the National Lottery. There was a significant increase in the proportion of people who reported gambling regularly, that is once a month or more often, and those who were gambling regularly were taking part in a greater range of activities. The 2010 data also showed that attitudes towards gambling were more positive in 2010 than in 2007 and that people, by and large, reported that they gambled for fun and for the chance of winning money.
19. Chapter 5 of the BGPS 2010 report (see appendix A of this response) presents a table showing problem gambling prevalence rates for other jurisdictions. Whilst this provides useful context, and demonstrates that rates around Europe vary from 0.3% (Sweden) to 2.2% (Northern Ireland, not shown in BGPS 2010 report), it is important to note two factors:
 - There are a number of EU countries for which no reliable information about rates of problem gambling exists, representing a serious gap in the evidence base.
 - Caution should be exercised when comparing prevalence rates between EU (and other international) jurisdictions as many factors, such as the sample design, sample size, mode of data collection and type of screen used can influence the observed prevalence rates (the latter being illustrated in the BGPS series).

Questions 18 & 19

20. Questions 18 and 19 ask for evidence relating to whether online gambling is more or less harmful than other forms of gambling and whether there are certain forms of online gambling which are more problematic.
21. These are complex questions, with conflicting opinions and limited empirical evidence. Based on our knowledge of the area we would recommend that the following considerations be borne in mind when reviewing the area:
 - A.** Research into online gambling and its impact is in its infancy and as such the empirical evidence base is thin.
 - Cross-sectional studies, such as BGPS series, provide information about the prevalence of online gambling behaviour and how this is integrated with offline behaviour. While online gambling can be correlated with problem gambling, as

noted above, this does not provided evidence of a direct causal link nor about the direction of observed relationships, as other underlying factors may be driving the association.

- It is only relatively recently that online gambling operators have allowed researchers access to their rich behaviour data held through player records. This approach has the significant benefit providing information about actual player behaviour when gambling online. But it also has important limitations as there is no independent outcome variable showing which players experience problems (self-exclusion is often used a proxy, but there are problems associated with this), and it is not possible to form a more holistic view of gambling behaviour as information is only available about the gambling behaviour of an individual in relation to a single operator.

In short, different studies and methodological approaches can answer different types of questions about online gambling behaviour, though to our knowledge to date no single study has comprehensively addressed the issue of the impact of online gambling relative to other activities.

B. Research enquiry has often focused on comparing online gamblers with offline gamblers, treating them as mutually exclusive groups. However, evidence from the BGPS 2010 demonstrates that most online gamblers also gamble offline. Of those who reported gambling in the past year:

- 81% had only gambled in offline environments
- 2% had only gambled online and,
- 17% had gambled both online and offline.

Further examination of these sub-groups shows that mixed mode gamblers (those gambling both online and offline) were likely to have the highest levels of gambling involvement; that is they took part in gambling more often and participated in a greater range of gambling activities. This demonstrates the potential diversity of online gambling behaviour, particularly in jurisdictions with relatively mature and accessible gambling markets. To fully understand the relationship between online gambling and gambling-related harm, we need to understand more fully how and why consumers are using online provision and how they integrating this within their broader pattern of behaviour. This is an area where little work has been conducted and these research questions have not been systematically investigated.

C. Related to point B, in order to better understand online gambling behaviour, there is a need for closer examination of people's motivations for choosing different types of online gambling products and, where appropriate, the mode choices made when accessing different forms of gambling. For example, we have already noted that a large proportion of British 'online' gamblers report using the internet simply to purchase their lottery tickets. For some, this may be a mode choice of convenience, akin to ordering groceries online. However, we have little information about the extent to which this is true and, if so, the extent to which the same principle may be applied to other gambling activities (for example, betting).

D. Recent research has highlighted that levels of gambling involvement (variously measured by the number of gambling activities engaged in, the amount of time and/or money spent gambling) are generally a better predictor of gambling problems than participation in specific types of gambling activities. Examination of BGPS 2007 data by LaPlante et al (2009), showed that when levels of gambling involvement were taken into account (defined by number of activities undertaken) the relationship between online gambling and problem gambling was not significant. The authors of this report noted that these findings were consistent with those reported by Welte et al's (2009) examination of US youth gambling behaviour. They stated that the two sets of findings suggest that researchers and other stakeholders should exercise caution when interpreting results showing that people who play specific types of games have a higher rate of gambling-related problems than others as observed patterns may be driven by other underlying factors, in this case, levels of gambling involvement.

Examination of the BGPS 2010 data supports this. Analysis of factors predicting problem gambling showed that mode of gambling engagement (offline only, online only, mixed mode) was not associated with problem gambling when levels of gambling involvement were taken into account. However, those who were most engaged with gambling were more likely to be mixed mode (online and offline) gamblers in that they engaged with a greater range of activities and took part in gambling more often.

E. Whilst little empirical evidence exists which demonstrates whether online gambling is more or less harmful than other gambling activities, the findings from the BGPS 2010 show that:

- i) most online gamblers also gamble offline; and
- ii) these mixed mode gamblers tend to have the highest levels of gambling engagement.

These findings present a number of practical opportunities with respect to the prevention of gambling-related harm. For example, because mixed mode gamblers tend to be more heavily involved with gambling this creates an opportunity for online operators to engage directly with a sub-section of those who are potentially at-risk of experiencing gambling-related harm. This could involve the development of joined up approaches to responsible gambling practices and, potentially, the development of interventions aimed at minimising the risk of harm. Any intervention would need to be carefully developed and tested and, ideally, form part of a coherent strategy across the sector. Arguably, the online sector is currently best placed to do this as they have a wealth of player behaviour data which could be used for research purposes to develop and test such strategies (a number of companies, such as BWin and Betfair have recognised the value of this). Whilst this is currently a utilitarian aspiration, the idea of the sector best placed to communicate with a sub-section of this vulnerable group assuming greater responsibility for responsible gambling strategies has intuitive appeal.

F. Finally, the evidence presented above and, in particular that relating to mixed mode gamblers, is generated from a jurisdiction largely considered to be the most

diverse and mature in Europe: Great Britain. In addition, Britain also has an independent regulator with a commitment to protecting vulnerable people from harm and remit to ensure industry compliance with the terms of the Gambling Act 2005. When assessing evidence from other jurisdictions, the gambling landscape in which that evidence has been generated should be considered. Britain has wide availability to gambling opportunities both online and offline. The expansion of online gambling in Britain may therefore have a different observed impact when compared with jurisdictions with more prohibitive approaches to gambling provisions. For example, there are certain areas in Britain which have a relatively high density of offline gambling opportunities. Therefore, the relative contribution of online gambling to overall availability in these districts may be less than areas which do not have such a dense offline gambling offer. Of course, availability is not the same as accessibility and online gambling is intrinsically more accessible than many offline forms of gambling. These variations have not been examined empirically within Britain and remain matter of speculation. However, it is not improbable to suppose that the impact of online gambling upon gambling behaviour will vary based on the extent and nature of the pre-existing gambling landscape (including the regulatory environment) within a region or jurisdiction. To our knowledge, there is no EU-wide evidence which examines these issues in a comprehensive way and this represents a serious gap in knowledge.

How we can help:

22. NatCen conducts a wealth of research into gambling issues. Our response is based on evidence from the BGPS series but our expertise extends beyond this. We have completed three high-quality in-depth studies of gambling behaviour (including a focus on the gambling careers of problem gamblers, funded by the Economic and Social Research Council), produced methodological advice relating to the implementation of a longitudinal study of gambling, conducted evidence reviews on many topics varying from the effectiveness of gambling regulation, the impact of advertising, motivations for gambling and triggers for changing gambling behaviour and we work closely with, and are highly regarded by, many leading international scholars in the field.
23. We also have a number of forthcoming publications which will expand the evidence base in this area. For example, we are conducting a program of research with Betfair to examine the profile of self-excluders and to compare this group to non-self excluders. This includes administering a web survey to a sample of both groups, which includes a problem gambling screen, to explore gambling behaviour in-depth using both self-reported survey data and administrative account data as recorded by Betfair. The aim of this project is to provide evidence which can help Betfair improve their player protection tools.
24. We have conducted further analysis of the British Gambling Prevalence Survey 2010 (some of which has been included in this response) examining how online and offline gambling behaviour is integrated, publication of which is pending and finally, we are working on a project with Geofutures aimed at assessing the density of gambling machines (and other gambling venues) in Great Britain.

25. NatCen is therefore delighted to have the opportunity to contribute to this assessment and would be very happy to expand upon this written submission if that would be helpful.

References:

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Appendix A: Select comparisons of problem gambling prevalence rates among international jurisdictions.

Source: Wardle et al, British Gambling Prevalence Survey 2010 (2011), pg 86

Country	Year	Screen	Timeframe	%	Confidence interval
Sweden ²³	2008/09	PGSI	Last 12 months	0.3	Not given
Norway ²⁴	2008	NODS	Last 12 months	0.8	0.6-1.2
Canada ²⁵	2003	PGSI	Last 12 months	0.5	Not given
New Zealand ²⁶	2006/2007	PGSI	Last 12 months	0.4	0.3-0.5
Great Britain	2010	PGSI/DSM-IV	Last 12 months	0.7/0.9	0.5-1.2
Germany ²⁷	2007	SOGS	Last 12 months	0.6	Not given
Switzerland ²⁸	2005	SOGS	Last 12 months	0.8	Not given
Iceland ²⁹	2005	PGSI	Last 12 months	1.1	0.7-1.5
South Africa ³⁰	2005	GA	Last 12 months	1.4	Not given
USA ³¹	2000	DIS	Last 12 months	3.5	Not given
Singapore ³²	2008	Chinese DSM-IV	Last 12 months	1.2	0.7-1.6
Macao ³³	2003	Chinese DSM-IV	Last 12 months	4.3	Not given
Hong Kong ³⁴	2005	Chinese DSM-IV	Last 12 months	5.3	Not given