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**RESPONSE BY QUAKER ACTION ON ALCOHOL AND DRUGS (QAAD): CALL FOR EVIDENCE REGARDING GAMBLING WITH CREDIT CARDS, GAMBLING COMMISSION**

1. **INTRODUCTION**

Quaker Action on Alcohol and Drugs is an independent charity and a Recognised Body of the Religious Society of Friends (Quakers). It is managed by a Committee of Trustees who are appointed and conduct their business in accordance with Quaker practice, as observed by the Religious Society of Friends. We do not speak on behalf of Quakers as a whole, but our contribution is based on our Quaker principles and specific concern with addictive and problem behaviour.

QAAD is responding to this consultation due to our serious concern with the human costs of gambling-related harm for individuals, families and communities. The spiritual perspective - that we are all connected - finds an echo in the evidence that problems in the minority are related to wider social behaviours, and that whole population measures can be the most effective approach.

1. **THE CALL FOR EVIDENCE**

We welcome this call for evidence in relation to the potential prohibition or restriction of the use of credit cards for gambling purposes. The RGSB, GambleAware, several MPs, the Labour Party, and some industry bodies have all highlighted the serious risks associated with ‘gambling with money you don’t have’. This consultation highlights continuing increases in the level of online gambling, and offers evidence of a strong correlation between credit card use and gambling related harm, albeit based on small samples. The Commission’s 2018 review of online gambling confirmed that operators have indicated that credit card payments can represent between 10% - 20% of deposits.

We also welcome the Commission’s ongoing research into gambling related harms, and the strong research component included in the new national Strategy to Reduce Gambling Harms. We are particularly pleased to note the latter’s recognition of the need to consult ‘experts by experience’ and hope that this will include close others in addition to individuals in recovery from gambling addiction.

One of the central arguments of the recent report ‘*Gambling and public health: we need policy action to prevent* harm’[[1]](#footnote-2) is the need to address gambling related harm at a population level rather than continuing to focus on the relatively small number of gamblers diagnosed as ‘problem gamblers’. We are pleased to see that the Strategy intends to address multiple levels of harm, i.e. for individual gamblers, their families, communities, and for society as a whole.

*QAAD’s response to the Gambling Commission’s specific questions are detailed below.*

1. **QUESTION 5: DO YOU HAVE ANY COMMENTS ON THE RISKS AND CONCERNS ASSOCIATED WITH GAMBLING WITH CREDIT CARDS?**

* **Fees/interest**

We support the RGSB’s advice on remote gambling[[2]](#footnote-3) which suggests that the willingness to incur additional fees, and at much higher interest rates, through the use of credit card cash withdrawals at ATMs suggests that those who do so are likely to be struggling:

*‘The cost of gambling with a credit card is so high that it is hard to envisage why consumers would choose to pay in that way, unless it was to gamble with money not otherwise available to them.’*

However, we suggest that increased costs are unlikely to act as a significant deterrent for at least some customers with a gambling addiction. As with substance misuse, the focus will often be on ‘protecting the supply’, that is to say to continue gambling irrespective of increased costs, in the anticipation of wins or, at least, recouping losses. The Money & Mental Health Institute's Policy Note: Know the Odds[[3]](#footnote-4) highlights how serious a problem this can be:

*‘I ate nothing for two days earlier in the week. If I had cashed out my winnings, instead of playing on, then I could have had food.’*

Access to credit via alternative sources such as e-wallets facilitates faster and less expensive ways of doing so.

* **‘Affordability’**

We note the use of the terms ‘afford’ and ‘affordability’ in discussions relating to use of credit and we support the view expressed in a GamCare blog in October 2018[[4]](#footnote-5) which highlighted why care needs to be taken when making such assessments:

*‘The issue of affordability is complex. There are many ways that someone can hide, or deny to themselves, what they can ‘afford’, or afford to lose. What’s more, ‘affordability’ means different things to different people. It can even mean different things to the same person at different times.’*

Sheffield Hallam University research, ‘Families Living with Problem Gambling'[[5]](#footnote-6), highlighted how those gambling problematically often neglect key financial priorities such as rent/mortgage and bills in order to continue their gambling activity. Furthermore, when someone gambles with ‘available’ money, i.e. wages or benefits, essential family expenditure will then need to be funded through increased credit card and other debt such as overdrafts, formal and informal loans. As the GamCare blog confirms:

*‘It is certainly not always the case that a problem gambler borrows money specifically to gamble, rather they use money to gamble that is required in other areas of life, that then often has to be funded by debt.’*

This was echoed in Citizens Advice’s ‘Out of Luck’ report[[6]](#footnote-7), which detailed the lived experience of gamblers and close others:

*‘When you’re scrabbling the pence around because you have no money to buy stuff or you’re getting out more credit, to just pay for the basics of every day and wondering ‘Are you going to be able to pay the bills?’ I think that’s the biggest worry.’ (Female partner of a gambler with two children)*

For a family on low income and/or in substantial debt, the weekly loss of even £25 will incur a significant burden.

* **‘Churn’**

The report by Wardle et al[[7]](#footnote-8) provides evidence of ‘churn’, i.e. that people may move in and out of problematic and at-risk behaviour, for example during episodes of mental ill-health. Whilst some will go on to develop a longer-term, pathological gambling addiction, others engage in much shorter, relatively low-risk gambling periods which, nevertheless, can have serious and enduring consequences, especially for those on low incomes and/or who are already in significant debt. This may have implications for the development of effective harm reduction measures which are overly dependent on longer-term, quantitative data analysis.

* **Mental ill-health**

The Money and Mental Health policy paper[[8]](#footnote-9) identified five key drivers for gambling related harm during such periods, and evidenced how gambling exacerbates such harms. Symptoms such as reduced self-control/increased impulsivity; difficulty in planning and processing complex information; risk seeking; and deliberate loss of large sums as a form of self-harm are of particular relevance here. In addition, the paper argues that gambling related harms can have a more serious impact for people with mental health problems, and we share its concern regarding the availability of online gambling 24/7, given the particular risks associated with late night play:

*‘Difficulties sleeping are a common symptom of mental health problems, leaving people awake at night and feeling isolated, when for some gambling online can be an unwanted temptation.’*

* **Children and young people**

We welcome the recent strengthening of identity and verification regulations, and look to the industry to implement these robustly. However, we remain concerned about the risk that some young people will continue to access online sites, and to use credit cards belonging to adult family members, with catastrophic consequences for themselves and their families. As a result, we suggest that prohibiting credit card use would provide an additional layer of protection for children and young people.

* **Young men**

We note the Commission’s intention to research specifically the vulnerability of this sub-group due to their over-representation amongst those diagnosed with problematic gambling. The combination of peer pressure, higher levels of impulsivity, and the industry’s targeting of young male customers in promotions of online in-game betting, suggest that many become actively involved in gambling via online platforms, including accessing funds via credit cards and e-wallets.

* **E-wallets and cryptocurrency**

We believe that it is crucial, when considering prohibition or restriction of credit cards, to consider how to address the increasing use of both e-wallets and cryptocurrencies for gambling purposes. Their use represents a significant risk, given that it is only necessary to provide card details and an email address to create an account, and examples of industry innovations designed to link customers’ online and terrestrial accounts, e.g. William Hill’s Plus Card[[9]](#footnote-10).

In its advice on remote gambling[[10]](#footnote-11), RGSB recommended that operators *‘do not draw customers’ attention to’ [the possibility of using e-wallets], nor encourage them to do it’*. However, the European Gaming website posted this advice in March 2019[[11]](#footnote-12):

*‘E-wallets have many positives and very little flaws. Processing of withdrawals is fast; the maximum waiting period is approximately 24-hours. Operators won’t require your information every time you wish to make a deposit and transfers are done intently. There is no fee to use PayPal at the point of service, however, some online operators may charge a ‘fee’.’*

The consultation document states that ‘*we understand that PayPal has chosen not to process any credit card deposits for gambling and does not permit the use of their credit facility for gambling’*. However, as an article in the Guardian (17 February 2019)[[12]](#footnote-13) highlighted, misuse of PayPal for gambling purposes continues and is of great concern. We hope that PayPal’s stated intention to tighten rules around payments will address this issue.

The European Gaming website also offers this information regarding the use of cryptocurrencies:

*‘The rise in the number of gambling websites welcoming cryptocurrency as payment is a reflection on how safe they are and according to blockchain news, the Binance cryptocurrency exchange welcomes crypto payments via credit cards, which effectively bypasses the ban on being able to gamble with credit cards.’*

* **Data analysis**

We note that the Commission is working with operators and financial institutions to develop a better understanding of customers’ credit card use and hope that this will help to strengthen the evidence base needed to inform future harm reduction approaches. We look forward to hearing more about what the industry is currently developing in this regard.

We believe, however, that the collation of data via algorithms to identify patterns of ‘problematic play’ is unlikely to capture the ‘big picture’ of customers’ highly complex and variable experiences. Such data will only relate to activity with an operator’s own products and platforms and, typically, at-risk and problem gamblers will use several operators and products, together with a range of payment methods. They will also differ in terms of their family responsibilities, their mental and physical health status, and other socioeconomic factors impacting their lives.

1. **QUESTION 6: DO YOU HAVE ANY COMMENTS WHETHER, ON BALANCE AND GIVEN THOSE CONCERNS, THE COMMISSION SHOULD CONSIDER PROHIBITING OR RESTRICTING CREDIT CARDS FOR GAMBLING?**

We appreciate the requirement to balance the protection of vulnerable (and potentially vulnerable) customers with a person’s right to choose how they spend their time and money. However, we believe that there is now robust evidence of the serious and long-term harms associated with credit card use, combined with substantial social and health costs for individuals, their families, communities, and for society as a whole. The Institute of Public Policy Research has estimated the annual excess fiscal costs for Great Britain incurred by ‘problem gamblers’ alone as being between £260 million to £1.16 billion (‘Cards on the Table', 2016[[13]](#footnote-14)). As a result, we do not believe that there is a social or moral case for permitting the use of credit cards for gambling purposes.

1. **QUESTION 7: DO YOU HAVE ANY COMMENTS ON THE POTENTIAL PITFALLS OF PROHIBITING OR RESTRICTING THE USE OF CREDIT CARDS FOR GAMBLING? IN PARTICULAR:**
2. ***Do you have views on the risks of consumers trying to access other forms of lending for gambling (such as payday loans or overdrafts) should credit cards not be available for them to use?***

We recognise the danger that prohibition or restriction of credit cards may divert some customers who are determined to continue gambling to other, potentially higher-risk financial sources. There are clear and significant harms associated with the use of payday loans, and loan sharks, and the Citizens Advice report[[14]](#footnote-15) provides evidence that they already feature in some gamblers’ lives.

We believe, however, that when balanced with findings from research into the extent of risks and harms associated with using credit for gambling, there is currently insufficient evidence to support the argument that prohibition would lead to a substantial shift towards using these alternative sources amongst the gambling population. As the Commission states in this consultation, prohibiting or limiting credit card use cannot, by itself, prevent other gambling-related harms. It may, however, act as a preventative measure for the many customers at low (or limited immediate) risk.

Furthermore, we suggest that whilst the process of accessing further funds could provide a valuable interruption to play, it is also likely that a customer in the thrall of a gambling episode will attempt to continue playing, irrespective of harm reduction messages or operator intervention. In addition, many committed gamblers hold accounts with multiple operators and use a range of platforms, making it relatively easy to switch provider and product especially when doing so online. We do not feel that this is an argument for retaining credit as a means of payment.

1. **Do you think the possibility of those risks alone is a sufficient reason for the Commission to continue to permit the use of credit cards for gambling?**

We support the blocking of credit card use for gambling purposes. Clearly, some consumers will continue to use other sources of debt to fund their gambling activities, but we do not feel, on balance, that this should be an obstacle to action. As the proportion of online gambling continues to grow, prohibition offers the opportunity to help reduce the significant harm that gambling with credit cards represents, particularly for more vulnerable customer groups.

1. **Q8: WHAT ARE YOUR VIEWS ON THE ALTERNATIVE MEASURES SUGGESTED? (below)**
2. **Allowing customers to block their cards for gambling**

We agree with this recommendation, which would support gamblers who are committed to reduce or cease their gambling activity. As has been noted from the experience of those who have blocked debit transactions for gambling, it will be important to provide the option to block all cards from a card provider, e.g. Barclaycard, MasterCard, and to offer a choice of timescale during which the block will operate, to prevent it being reversed at times of stress or greatest temptation.

1. **Operators could impose restrictions on the use of credit cards by their customers**

As detailed above, our preferred option would be for credit cards to be prohibited. However, we would support a fixed cap on all credit card and e-wallet deposits, subject to consultation with stakeholders, combined with an initial 6-month block for all new customers. We would also strongly recommend that credit cards and e-wallets are prohibited for customers aged below 25-30 years, in recognition of the particular vulnerability of young adult gamblers.

1. **Warning messages at the point of deposit**

We agree that warning messages could provide a measure of protection for some lower-risk customers at this point. However, as we have argued above, we believe that committed and problematic gamblers are unlikely to be deterred by warnings or operator interventions.

1. **Operators could take specific account of credit card usage as a key factor in their risk assessments.**

We are pleased to note that the Commission has recently introduced a requirement for operators to collate data on customers' use of credit cards and will be interested to learn how this data is being used in the development and implementation of harm reduction measures. Clearly, it will not be possible for operators to deduce the source of funds loaded to e-wallets, for example.

**Public Health Campaign**

In addition, we would like to recommend the running of a high profile, national public health campaign specifically highlighting the consequences of gambling using credit cards and other sources of debt. We suggest that this might focus on the impact on families and especially dependent children, stressing the range of significant and long-term consequences.

The development of the campaign could be informed and led by ‘experts by experience’, including close others, and use public health campaigns in other jurisdictions as a model, for example New Zealand which has used unequivocal messages detailing harm derived from treatment data[[15]](#footnote-16).

We acknowledge that this would be an expensive option, but suggest that it might be funded by a mandatory, extraordinary contribution by the industry, i.e. in addition to current voluntary contributions to GambleAware. This would enable the industry to demonstrate publicly the strength of its commitment to protecting vulnerable customers, in adherence to licencing conditions.

**Alison Mather, QAAD Director**

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1. Wardle, H; Reith, G; Langham, E; Rogers, R, BMJ, 8 May 2019 <https://www.bmj.com/content/365/bmj.l1807> [↑](#footnote-ref-2)
2. Advice from the Responsible Gambling Strategy Board on remote gambling, April 2018. [↑](#footnote-ref-3)
3. *Policy Note:* ‘*Know* *the Odds: the links between mental health problems and gambling’,* Murray, N, Money and Mental Health Policy Institute, November 2017 [↑](#footnote-ref-4)
4. <https://www.gamcare.org.uk/news-and-blog/blog/what-do-we-mean-by-affordability/> [↑](#footnote-ref-5)
5. *Families Living with Problem Gambling: Impacts, Coping Strategies and Help-Seeking’,* Banks, J et al, Sheffield Hallam University, October 2018. [↑](#footnote-ref-6)
6. ‘*Out of Luck’ – an exploration of the causes and impacts of problem gambling’,* Nash et al, Citizens Advice, January 2018. [↑](#footnote-ref-7)
7. Ibid [↑](#footnote-ref-8)
8. Ibid [↑](#footnote-ref-9)
9. <https://plus.williamhill.com/landing> [↑](#footnote-ref-10)
10. Ibid [↑](#footnote-ref-11)
11. <https://europeangaming.eu/portal/latest-news/2019/03/01/40003/with-the-online-gambling-credit-card-ban-hovering-in-the-uk-what-are-the-options/> [↑](#footnote-ref-12)
12. <https://www.theguardian.com/society/2019/feb/17/paypal-problem-gamblers-misuse-avoid-bank-limits?CMP=share_btn_tw> [↑](#footnote-ref-13)
13. *Cards on the Table – the cost to government associated with people who are problem gamblers’,* Thorley, C et al, Institute of Public Policy Research, December 2016. [↑](#footnote-ref-14)
14. Ibid [↑](#footnote-ref-15)
15. <https://www.pgf.nz/fact-sheet---gambling-in-new-zealand.html> [↑](#footnote-ref-16)