

Victorian Department of Justice and Community Safety

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Thank you for the opportunity to respond to the consultation on pre-commitment and carded play. We congratulate the Victorian Government on their commitment to gambling reforms which aim to take meaningful action to reduce gambling harms and money laundering associated with electronic gaming machines (EGMs) in clubs and hotels.

This submission is focused on efforts to reduce gambling harm and is informed by our experience in research and clinical treatment to prevent and reduce gambling harms for individuals, families, and the broader community. Given the complexity of this topic, we have provided a brief overview in this submission. We would be happy to expand further on any of the points below in further consultation.

The key concepts that we recommend for the design and implementation of pre-commitment and carded play include:

- It is essential that the carded play system be mandatory; that is, all individuals who wish to play an EGM first be required to register for an account, verify their identity, and obtain a card (or other mechanism) to access EGMs. Each individual should be limited to holding a single account and card to access it (not multiple accounts/cards).
- We recommend that harm-minimisation features be integrated into account settings (e.g., rather than being categorised under a 'help' section) to demonstrate that such features are intended and recommended for use by all players.
- Accounts should automatically display a clear history of wins, losses, and net outcomes for appropriate time periods, without customers having to seek out this information (e.g., this information should be clearly visible on the account landing page). Activity statements with clear visual depictions of wins and losses, as well as net outcomes over recent months, should also be regularly pushed to players.
- Pre-commitment systems should be mandatory and require monetary loss limits to be set; setting of time limits could be optional. Limits should be applied across all EGM venues in the jurisdiction and set within an absolute maximum (cap) to prevent gamblers setting limits so high that they are rendered ineffective. We strongly recommend that any limits set should be binding as allowing gamblers to play beyond pre-set limits undermines the integrity and purpose of the system. Default limits are recommended, provided that these are sufficiently low to normalise low expenditure levels for EGMs. Tools and resources should be provided to assist customers in identifying and setting appropriate limits for their personal financial situation.
- Having funds from EGMs paid directly into a bank account may reduce the likelihood of funds being immediately re-gambled.
- Individuals who self-exclude should immediately (or as quickly as possible) be added to a state-wide self-exclusion program, preventing their account from being used for EGM play at any venue.

- We recommend that the system encourages and prompts users to take regular breaks in play (i.e., at least once per 60 minutes). A break in play should be of a sufficient duration so that an individual is free from the cognitive and emotional bias of the previous gaming session.
- We recommend that de-identified data from systems be available for analysis by researchers upon reasonable request.

Design of system

We are supportive of the proposed system design. *It is essential that the system be mandatory*; that is, all individuals who wish to play an EGM first be required to register for an account, verify their identity, and obtain a card (or other mechanism) to access EGMs. It is critical that the same system is in place for all EGMs in Victoria. This setup would make it easier for players and, critically, ensure that an individual's entire EGM use is tracked, thereby ensuring limits, activity statements, and other harm minimisation features are applied coherently and accurately.

As digital literacy differs across the population, it is important that consideration is given to providing support to customers who are not comfortable using digital technology. For example, staff may need to assist people who do not have digital copies of identity documents.

To reduce people swapping or lending cards between players, we highly recommend that the system involves strong and frequent identity and security verification processes. For example, a PIN or biometric authentication, may be required when commencing play. It is important to avoid making the system overly difficult or confusing for users, but measures are needed to minimise the risk of an individual using a card that does not belong to them. We recommend that only one card is supplied per account in line with the use of a single account for an identified individual.

We recommend that harm-minimisation features be integrated into account settings to demonstrate that these features are intended and recommended for use by all players. For example, *accounts should automatically display a clear history of wins, losses, and net outcome for appropriate time periods*, without customers having to actively seek out this information. Providing this information in a clear and accessible format is essential to enhance informed choice and decision making about spending. *Activity statements with clear visual depictions of wins and losses, as well as net outcomes over recent months, should also be regularly pushed* to players (similar to those provided under the National Consumer Protection Framework). Activity statements should summarise gambling activity in a meaningful and easily readable manner (e.g., not simply as a list of transactions). These statements could draw attention to personally relevant trends, such as if there has been an escalation in gambling (frequency, spend, etc.) in comparison to the individual's activity history, or in reference to social norms (e.g., notifying customers if they spend considerably more than others). These messages should be non-judgmental in tone and accompanied by clear behavioural suggestions about ways to move towards lower-risk gambling behaviours.

We recommend that the system incorporates *frictions to enhance informed decision-making*. For example, when customers are depositing money into an account (or moving money from an account to an EGM), messages could ask customers to confirm that they are comfortable to 'lose' the amount that they are transferring. Language used should be non-judgmental in tone but highlight that wins should not be expected.

We strongly support a mandatory carded play system involving mandatory pre-commitment with binding limits. However, if such a system was voluntary, integration with an existing system, such as a membership or loyalty program, may be a strategy to encourage customers to take up and engage with the system. For example, customers could earn loyalty points if they set and adhered to limits, but not earn loyalty points beyond limits set. Reasonable engagement with limits and harm-minimisation tools could be a requirement to gain access to elevated loyalty status tiers. However, such strategies may be less necessary with a mandatory system.

Pre-commitment

Pre-commitment should be mandatory. It is not reasonable to expect customers to understand how to set limits, so *tools and resources are needed to assist customers in identifying and setting appropriate limits*. For example, lower-risk gambling guidelines¹ could be presented to customers alongside guidance to assist customers in setting an appropriate loss limit for their personal financial situation (e.g., <1% of their annual income). After setting a loss limit, customers should be provided with feedback and forward projections, for example, indicating how much their annual loss could be based on their current limit, and asking them to confirm that they are comfortable losing this amount.

It is recommended that *systems require a loss limit to be set, but time limits be voluntary*. Evaluations of pre-commitment systems indicate that time limits are less likely to be considered relevant by players than loss/spend limits.

We recommend that the limits should be binding as being allowed to continue playing beyond set limits undermines the integrity and purpose of a pre-commitment system (i.e., it would make the system seem tokenistic and reduce its credibility among potential users). Where there are easily accessible alternative gambling options, binding limits may possibly encourage migration between activities. However, if EGM limits are binding across Victoria, this is more likely to increase the effectiveness of the precommitment system. Binding limits are primarily needed when customers are unable to control their own spend. As such, a likely consequence is that individuals experience frustration when they hit their limits (if they are set at appropriate levels). For those who are most in need of limits, a likely outcome of implementing binding limits will be that they set limits exceeding what they intend to spend, so that they are not forced to stop. Therefore, the extent to which limits should be binding requires consideration of the intention of the system. If the intention is to assist those who are starting to gamble in a problematic way and to experience harms, a binding system may help such people to reduce their losses. It is less likely that a pre-commitment system involving binding self-set limits will assist those who are experiencing significant gambling problems due to the possibility of setting extremely high limits. Setting a mandatory cap (i.e., absolute maximum) may be one way to protect against this possibility; however, a population-wide cap would not account for large differences in individuals' personal financial situations. Conducting enhanced affordability checks at specific thresholds may be another potential solution to ensuring the appropriateness of limits set by an individual.

We recommend that there be a single, jurisdiction-wide system used to track play on all EGMs. Having multiple accounts across different systems tracking play and providing different information would be confusing for customers and make it difficult to keep track of spending easily.

¹ Dowling, N. A., Youssef, G. J., Greenwood, C., Merkouris, S. S., Suomi, A., & Room, R. (2021). The development of empirically derived Australian low-risk gambling limits. *Journal of Clinical Medicine*, 10(2), 167. <https://doi.org/10.3390/jcm10020167>

Default limits are strongly recommended, provided that the default amounts are sufficiently low to normalise low levels of expenditure on EGMs. Defaults are an effective way to shape behaviour. They do not prevent individuals from behaving in a different manner (i.e., it is possible to change the amount from the default), but the default provides a powerful anchor to shape expectations and social norms, as well as adding friction by making the individual think again before changing the status quo. The lower-risk gambling guidelines cited earlier recommend that Australians spend less than 1% of their annual income across all forms of gambling. We note that this amount will vary considerably among Victorians. For some people, spending even low amounts can result in experience of harms. We encourage research to calculate appropriate default limits for the Victorian population. We recommend default limits are set at low levels to clearly signal that EGMs are a discretionary activity, and typically represent only one part of an individual's budget for discretionary spending.

We recommend that *low maximum spend limits are implemented across venues*, particularly considering those venues that may be without dedicated staff to constantly monitor patrons for indicators of harm. We encourage research to determine appropriate maximum limits for the Victoria population. Given that there will always be considerable variation in what is affordable for customers, it may be reasonable to allow for a mechanism by which individuals can apply to set a limit above the population-wide maximum limit, for example, following enhanced affordability checks and within casino environments allowing close observation to monitor for indicators of harmful gambling.

Identity verification

Identity verification should be required before an account is established and EGM play is permitted.

Cash limits and cashless gaming

We support the recommendation for a maximum \$100 load-up limit for EGMs. Lowering the load-up limit on EGMs may reduce the likelihood of someone engaging in intensive, uninterrupted gambling.

We support a limit on how much cash can be paid out from EGMs. *Having funds from EGMs paid directly into a bank account may reduce the likelihood of funds being immediately re-gambled.* This is because this segregation of funds creates friction, requiring effort and consideration to access the funds, and potentially involving delays due to transaction processing times. We do however note potential implications for individuals who do not have access to a bank account, although suggest that this is increasingly a small proportion of the population.

We support the system enabling a transition to cashless gambling; that is, moving away from a system that allows users to fund their EGM activity using cash. A cashless system would allow for better alignment with harm-minimisation tools provided by many financial institutions, such as card-based gambling blocks (which cannot track cash withdrawals for gambling). Planning for a transition to cashless gambling is also important given an increasing number of Australian consumers are not using cash for any transactions. However, there is also evidence to suggest that gambling using electronic funds transfers may increase gambling spend and decrease awareness of spend, similar to the cashless premium observed for other types of products.² As such, there are important design features to be considered to minimise the potential risks associated with cashless gambling. We have

² Soman, D. (2003). The effect of payment transparency on consumption: Quasi-experiments from the field. *Marketing Letters*, 14, 173-183. <https://doi.org/10.1023/A:1027444717586>.

appended our submission to the recent ACT inquiry into cashless gambling which outlines our recommendations for the design of a cashless gambling payments system.

Self-exclusion

Carded or account-based EGM play would be highly useful for enhancing the effectiveness of a self-exclusion program. *Individuals who self-exclude should be immediately (or as quickly as possible) added to a state-wide self-exclusion program, preventing their account from being used for EGM activity at any venue.* We recommend that individuals be able to self-exclude for a minimum of three months. If the individual wishes to gamble upon completion of their self-exclusion period, they should be required to do so by re-activating their previous account, rather than creating a new account. This is important to enable consistency in tracking gambling activity and evaluating the use of the system and its related features. We recommend customers be able to enact immediate breaks in play lasting a minimum of 24 hours and a maximum of one month (to be developed based on consultations).

Play periods

Continuous play of EGMs is strongly associated with experiencing severe gambling harms. More research is needed on the relationship between the length of play sessions and experience of harms, including the role of breaks in play (e.g., identifying the minimum time, frequency, and activity needed during a break from machine play to meaningfully reduce the impact of previous gambling on the ability to make informed decisions). From a clinical and theoretical perspective, a break in play should be of a sufficient duration so that an individual is free from the cognitive and emotional bias of the previous gaming session. This break could be enhanced through physical movement, interaction with non-gaming stimuli, social interaction, and catering to any physiological needs (e.g., hunger, thirst, fatigue). Cognitively engaging tasks, such as activities requiring mental stimulation, may be beneficial for reducing the cognitive impact of previous gaming sessions. Reflecting on personal values, goals, and pre-set intentions about gambling limits may also be helpful in making an informed decision about whether to continue gambling.

We recommend that the system encourages and prompts customers to take regular breaks in play (e.g., at least once every 60 minutes). Automated risk monitoring can detect individual displaying risk factors (e.g., lengthy gaming sessions) for closer monitoring by venue staff, and can be utilised to prompt interventions (e.g., requirements to take breaks after a set period of time). A system could be designed to include non-gambling cognitive tasks to interrupt gambling sessions (e.g., mental games, puzzles, and entertaining activities which do not involve gambling).

Privacy and data security

We recommend that de-identified data from systems be made available to researchers upon reasonable request. We recommend that a mechanism be established by which customers can complete a survey with their responses linked with their account activity, whilst preserving their privacy (e.g., no personal details collected). This is important to support evaluation and ongoing research.

Thank you for the opportunity to respond to this consultation. We would be happy to provide further details.

Kind regards,

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Conflict of Interest Declaration

Dr. Sally Gainsbury declares that she is an invited member on the NSW Independent Panel on Gambling Reform and the Pillar Champion for Technology and Environment for the QLD Responsible Gambling Advisory Committee. She is the Chief Investigator on a Commissioned Research Project by ALH to evaluate cashless gambling payments in conjunction with NSW Liquor & Gaming's Regulatory Sandbox. She has received consulting funds from Star Entertainment to provide expert input into the development of their internal cashless gambling protocols.

Additionally, since 2020, Dr. Gainsbury has received research funding through the University of Sydney from Entain Australia, Sportsbet, NSW Office of Responsible Gambling, West HQ, Brain and Mind Centre, Cambridge Health Alliance, and International Center for Responsible Gaming. She has provided subject matter expertise and received consulting fees from Betcloud, KPMG, QBE, and Norths Collective. She has received travel costs and/or honoraria for speaking from Asian Racing Federation, Leagues Club Australia, Australian Cricketers Association, Star Entertainment, CAMH, Behavioural Insights Team, GambleAware, GREO, Informa, and Washington State Council.

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