

Socioeconomic Status and Risk-Taking in Online Gambling

Prepared by: Prof Sally Gainsbury, Robert Heirene, Hyundam Je, Emily Shaw, Prof Agnieszka Tymula
University of Sydney | University of Seoul | University of Oxford

A RESEARCH SUMMARY

This study examines whether **socioeconomic status (SES)** shapes **dynamic risk-taking behaviour** in online sports betting — specifically, how prior wins and losses affect subsequent wagering across socioeconomic groups.

METHODOLOGY & ANALYSIS

- Analysed transaction-level betting data from **4,120 randomly selected users** from a major Australian sports betting platform over a **12-month period** (July 2018 – June 2019)
 - Included participants who had placed at least five wagers during the study period.
- Data set included every wager, deposit, and withdrawal, alongside demographic information (Age, gender, postcode)
- SES classified using ABS Index of Relative Socioeconomic Disadvantage (IRSD)*:
 - Low SES (Bottom 4 Deciles, n=1,084), Mid SES (Deciles 5-7, n=1,247), High SES (Top 3 Deciles, n=1,789)
 - *Note: A postcode-level proxy is not a measure of individual financial circumstance.*

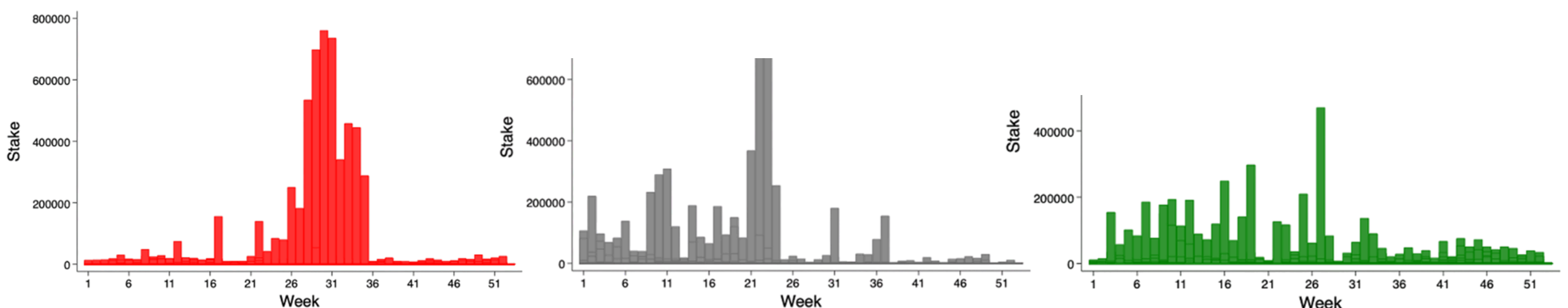
Fixed-effects OLS regression examined **betting participation** (extensive margin) and **stake size** (intensive margin) as a function of prior weekly wins and losses, controlling for prior stake and gambling frequency.

KEY FINDINGS

- **Low SES players are less likely to gamble online.** However, those who do **gamble place more bets, stake more overall, and lose more.**
- **Low SES players are disproportionately represented among the highest-volume gamblers** (Top 10% by bet count: **12.4% vs 9.6–9.8%** for Mid/High SES). These expenditures likely represent a greater financial burden relative to income.
- **Prior wins increased subsequent betting participation and stake sizes across all SES groups**, consistent with a **house money effect**. The **strongest response** to gains at the intensive margin was observed **among Mid SES players**. High and Mid SES players were **more likely to continue gambling after wins**, whereas **Low SES players showed no significant participation response**.
- Contrary to prevailing assumptions, **no evidence of loss-chasing at the intensive margin** was found in any SES group once prior gambling intensity was controlled for.
 - Mid and Low SES players were **more likely to continue gambling after losses (extensive margin)**. However, **Low SES players were the only group to significantly reduce their stake size following losses**, indicating **financial restraint rather than escalation**.

Figure 1-3: Weekly stake distributions — High (green), Mid (grey), Low (red) SES groups

- Low SES players are less likely to gamble online. However, those who do gamble place more bets, stake more overall, and lose more.
 - **High SES: relatively stable betting across the year**
 - **Mid SES: pronounced peaks mid-year (weeks 24–26), greater variability**
 - **Low SES: highly concentrated activity (weeks 26–36), sharp peak at week 30**



CONCLUSIONS

- These findings challenge the prevailing assumption that loss-chasing is concentrated among economically disadvantaged gamblers. Low SES players who gamble online do so intensively and bear disproportionate losses. They exhibit less loss chasing losses than higher SES groups, which may indicate that they have exhausted their funds.
 - Behavioural responses to prior outcomes differ systematically by SES and cannot be reduced to a single pattern. Harm reduction policy has historically targeted loss-chasing as an indicator of problem gambling among disadvantaged populations. These results suggest that assumption requires re-examination.
 - Higher acceptability and usefulness ratings among those with greater financial wellbeing indicate that Bet Well is perceived as appropriate to support sound financial management. Future research is needed to enhance suitability of Bet Well for those experiencing financial difficulties.
- This is a working paper and has not yet undergone peer review. Findings should be interpreted accordingly.

