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# Consultation on gambling with credit cards

## Overview

The Gambling Commission conducted a call for evidence on gambling with credit cards between February and May 2019. The exercise was underpinned by advice from the Responsible Gambling Strategy Board (RGSB)[1] that gambling with borrowed money is a well-established risk factor for harmful gambling because it significantly increases the risk that consumers will gamble with more money than they can afford.

We wanted to explore the consequences of restricting or prohibiting the use of credit cards and noted that the need for regulatory intervention would be more likely if evidence indicates insufficient consumer protections to reduce the risks of harm from gambling with borrowed money. We said we would use the evidence submitted as part of this exercise to develop further detailed proposals for consultation.

## Responses received

We received 110 responses to the call for evidence from a range of stakeholders including members of the public, debt relief charities, gambling operators, financial services and some individuals who considered that they had suffered significant financial harm from using credit cards to fund their gambling.

A summary of responses to the call for evidence can be found [here](#) *<user\_uploads/summary-of-responses-to-cc-call-for-evidence-2.pdf>* .

We received a range of supporting data from the Remote Gambling Association (RGA) and from financial institutions, in response to the data requests we outlined in our call for evidence. We also received data from some debt relief charities and made further use of our quarterly participation tracker data and other contextual information such as You Gov statistics. Relevant data has been summarised and is included as part of this consultation.

## Why we are consulting

We have now considered the responses and the data received to our call for evidence, and what our next steps should be. In summary:

- We are persuaded that there are risks of harm associated with using credit cards for online gambling and that we need to act to protect consumers. We are therefore now consulting specifically on two separate options of either **banning or restricting** the use of credit cards for all forms of remote gambling ie betting, gaming and lotteries.
- We would like to obtain further evidence about consumers' **motivations** for using credit cards to gamble, and any specific **benefits** of using them. The call for evidence uncovered very little in this regard, but we must take account of the extent of any impact that a ban or restrictions may represent for gamblers who are not experiencing harm.
- Credit cards provide a convenient means of borrowing money to fund gambling and can facilitate high levels of gambling debt eg through maximising credit limits across multiple cards. We propose to introduce measures that will be effective in reducing gambling harms associated with the use of credit cards. The **preferred option for most who responded to the call for evidence was to prohibit gambling online with credit cards** in order to achieve this aim. We will take the most appropriate course of action in view of any further evidence obtained during this consultation, alongside the data already submitted.
- However, we also acknowledge that there could be **unintended consequences if any action on credit cards is taken in isolation**. We are concerned that consumers experiencing harm might use other forms of borrowing, such as overdrafts and loans, to fund their gambling in lieu of credit cards. This means that the risks might simply displace to other lending products and that some consumers will continue to experience harm. It is therefore essential that, alongside any action we take, the **financial and gambling sectors work to introduce protections** for their customers to mitigate the risks of harm from gambling with other forms of borrowed money.
- We note from responses to the call for evidence that where online gambling deposits are made through **some e-wallets**, the operator has no means of knowing which method the payment originated from (eg whether it emanated from a debit card, a credit card or a separate balance within the wallet). Unless this current lack of transparency is addressed, a prohibition or a restriction on gambling online with credit cards could be easily circumvented by making a credit card deposit into an e-wallet instead of a direct payment to the gambling operator. We will therefore need to prevent gambling operators from accepting **any** payments via e-wallets **unless** e-wallet providers can prevent credit cards being used for online gambling through their facilities. Or, in the

case of regulatory measures short of a ban, we would need to ensure that any limits or controls on gambling with credit cards can be equally applied to the use of credit cards through e-wallets. We will be writing to e-wallet providers at the start of the consultation and we encourage them to consider, and provide details of, the solutions they can deliver to facilitate any regulatory change.

- We will carefully plan our approach to **evaluating** the impact of any regulatory change on credit card-funded gambling. We would expect an evaluation to include, for example, an assessment of how successfully the intervention has reduced the risks of harm to consumers while also minimising the impact on those not experiencing harm. We will be prepared to alter or reverse our regulatory intervention if evaluation reveals that the intervention has contributed to adverse or disproportionate unintended consequences.
- We are also consulting on whether prohibition or additional controls should extend to the use of credit cards for **non-remote betting**. Currently, non-remote betting and remote gambling operators can accept payment by credit card where that payment is made into a customer account. The use of credit cards in all other types of gambling premises is already restricted by the regulatory framework, and a prohibition on the use of credit cards for online gambling would otherwise leave the non-remote betting sector as an anomaly. Given the risks associated with the use of credit cards, we propose that any measures introduced for remote gambling should also apply to non-remote betting.

Our proposals are outlined in more detail in the consultation which can be accessed below.

### **Licence Conditions and Codes of Practice (LCCP)**

We anticipate that we would give effect to a prohibition or restriction on gambling with credit cards through changes to **LCCP** <<https://www.gamblingcommission.gov.uk/PDF/LCCP/Licence-conditions-and-codes-of-practice.pdf>> , and we are therefore also consulting on specific draft conditions and codes that would deliver these measures.

We propose that any changes to LCCP arising from this consultation would take effect in **April 2020**, subject to reviewing evidence put forward in relation to the lead-in times that gambling operators and payment processors will require to make systemic or technological changes necessary to either prevent or control the use of credit cards.

[1] recently refocused as the Advisory Board for Safer Gambling (ABSG)

## **Introduction**

## 1 What is your name?

## 2 What is your email address?

If you enter your email address then you will automatically receive an acknowledgement email when you submit your response.

## 3 Please indicate which organisation you belong to?

For example are you a member of the public, a gambling operator, a financial institution, a trade association, a charity etc

## 4 Privacy notice

(Required)

*Please select only one item*

I CONSENT to the publication of my name and organisation to indicate I responded to this consultation

I DO NOT CONSENT to the publication of my name and organisation to indicate I responded to this consultation

As part of this work, we may decide to publish your name and organisation on our website to indicate that you have responded to this consultation. We have asked you to indicate your consent to the Commission publishing your name and organisation to indicate you have responded to this consultation.

### **Privacy and cookies**

**<https://www.gamblingcommission.gov.uk/Footer/Privacy-and-cookies.aspx>**

*<<https://www.gamblingcommission.gov.uk/Footer/Privacy-and-cookies.aspx>>*

## Why we are consulting – responses to our call for evidence

The responses we received to our call for evidence, and the data we acquired as part of that exercise, have confirmed our position that we should take action on the use of credit cards for online gambling to reduce the risk of harm to consumers.

We received 110 responses to the call for evidence from a range of stakeholders. A detailed summary of responses to the call for evidence can be found [here](#) *<user\_uploads/summary-of-responses-to-cc-call-for-evidence.pdf>* , but the responses can be broadly categorised as follows:

- 70 respondents either favoured prohibiting the use of credit cards for remote gambling or supported the principle of taking action on credit cards as part of a more holistic approach to reducing harm from all forms of gambling-related debt (eg overdrafts and loans).

This group of respondents predominantly comprised members of the public, a number of gamblers who explained the harm they had experienced through using credit cards for online gambling, debt relief charities and third sector organisations, and a small number of faith groups and academics. It also included some non-remote operators who suggested a ban on credit cards for online gambling is necessary to provide equilibrium with existing regulatory restrictions for gambling premises and gaming machines.

- 30 respondents were against prohibiting gambling online with credit cards. Their main arguments against such an intervention were that consumers would simply migrate to other forms of lending instead, and that a ban could be easily circumvented by using e-wallets. These respondents also generally acknowledged however that there are risks of harm associated with credit card gambling and suggested that various measures to mitigate harm, such as measures to limit or restrict credit card use, should be pursued instead of a ban.

This group of respondents included major online gambling operators, some smaller remote operators, financial services and several members of the public

- 10 respondents were against any kind of intervention on credit cards. They included members of the public and smaller remote operators who argued that consumers should have the freedom to choose how they use lending products for which they have already been checked for credit worthiness; or that responsibility for lending should rest solely with financial institutions not gambling operators.

The next pages summarise the data submitted as part of the call for evidence.

# Why we are consulting – summary of data submitted to the call for evidence

As outlined in our call for evidence, we issued data requests to remote gambling operators (via the Remote Gambling Association (RGA)) and financial services in order to provide us with statistical evidence on how credit cards are used for gambling in Great Britain. We also received some data from debt relief charities to support the exercise and made further use of our quarterly online gambling participation surveys. Contextual information on the prevalence of borrowing among gamblers was also available from You Gov, and the Financial Conduct Authority's website provides information on borrowing in Britain more generally.

The various data, read alongside the detailed responses to the call for evidence, leads us to draw the following inferences.

## ***1. Not all individuals who use credit cards for online gambling are experiencing gambling-related harms***

We understand from financial services data that just over 800,000 consumers used a UK-issued credit card for gambling in 2018. These consumers represent around 2% of all UK-issued credit cards. Around half of those 800,000 used a credit card for gambling in only one month of the year.

Our online gambling participation data from March 2019 indicates that a third of online gamblers who use credit cards to fund their gambling are not currently experiencing harm. While it is difficult to extrapolate the online gambling participation data to the wider population, we would nevertheless expect that a large proportion of those 800,000 individuals are not experiencing harm from the use of credit cards for gambling.

## ***2. Credit cards are, however, disproportionately used by those who are already experiencing gambling-related harm.***

Our call for evidence included data from gamblers who responded to our participation tracker survey in December 2018. Participants were asked about the forms of borrowed money they had accessed in order to fund their gambling. The results [2], as presented in the call for evidence, showed that 43% of participants who had gambled with a credit card in the past year were not at risk of harm. However, 35% were experiencing either low or moderate levels of harm from their gambling and 22% of past-year credit card gamblers were problem gamblers. It also showed that 40% of all survey respondents who were problem gamblers had used credit cards for gambling (compared to 5.5% of non-problem gamblers).

We replicated the question set and repeated the exercise in March in order to test whether the first set of results could be validated by a second set of data. The March survey involved both the PGSI mini-screen questions and the full PGSI question set. Using the full PGSI set allows for more robust conclusions to be drawn about associations between any type of gambling harm and the use of borrowed funds for gambling. The March results came from just over 1,000 online gamblers and, importantly, are consistent with December's tranche of data and therefore allow us to draw similar conclusions.

The key March data is provided below. It should be noted that survey participants are engaged online gamblers and one would expect a problem gambling rate of approximately 8% among them rather than the nationally representative 0.6% (see Table 1 below).

*Table 1\*: PGSI distributions among the past-year online gamblers who participated in the March 2019 online tracker*

|  |     |
|--|-----|
| Non-problem gamblers ( <i>those who are not currently experiencing negative consequences from their gambling</i> )                                     | 61% |
| Low risk gamblers ( <i>those who may be experiencing low levels of problems with their gambling with few or no identified negative consequences</i> )  | 20% |
| Moderate risk gamblers ( <i>those who may be experiencing a moderate level of problems with their gambling leading to some negative consequences</i> ) | 12% |
| Problem gambler ( <i>those experiencing negative consequences and a possible loss of control</i> ).  | 8%  |

*\*Based on 1,019 respondents to the March 2019 survey, all of whom had reported gambling online in the past 12 months.*

Table 1 shows that 61% of all online gamblers who participated in the survey were neither problem gamblers nor currently experiencing some levels of problems with their gambling.

*Table 2\*: Prevalence of usage of forms of borrowing to fund gambling among past-year online gamblers participants*

|              |      |
|--------------|------|
| Credit cards | 14%  |
| Overdraft    | 3.7% |
| Payday loan  | 1.5% |
| Other loans  | 1.2% |

*\*Based on 1,019 respondents to the March 2019 survey, all of whom had reported gambling online in the past 12 months. Note that some respondents may have used more than one form of borrowing, so the categories in Table 2 are not mutually exclusive.*

Table 2 indicates that credit cards are the most common form of borrowed money for gambling.

*Table 3: Prevalence of usage of certain forms of borrowing to fund gambling, by type of gambler*

|              | Non-problem gambler | Low risk gambler | Moderate risk gambler | Problem gambler |
|--------------|---------------------|------------------|-----------------------|-----------------|
| Credit cards | 33%                 | 20%              | 25%                   | 22%             |



|             |    |     |     |     |
|-------------|----|-----|-----|-----|
| Overdraft   | 9% | 22% | 24% | 46% |
| Payday loan | 0% | 4%  | 20% | 76% |
| Other loans | 0% | 17% | 9%  | 74% |

Table 3 can be contrasted with Table 1 to demonstrate that credit cards are *disproportionately* used by those who are already experiencing harm. That is, while 12% of online gamblers were moderate-risk gamblers and 8% were problem gamblers, Table 3 shows that 25% of participants who used a *credit card for online gambling* were moderate-risk gamblers and 22% were problem gamblers.

*Table 4: Percentage of all respondents **within each typology** that use that form of borrowing for gambling*

|              | Non-problem gambler | Low risk gambler | Moderate risk gambler | Problem gambler |
|--------------|---------------------|------------------|-----------------------|-----------------|
| Credit cards | 8%                  | 14%              | 30%                   | 38%             |
| Overdraft    | 1%                  | 5%               | 10%                   | 28%             |
| Payday loan  | 0%                  | 0%               | 4%                    | 20%             |
| Other loans  | 0%                  | 2%               | 1%                    | 18%             |

Table 4 shows that 38% of all problem gambler participants used a credit card for gambling. Conversely, only 8% of all non-problem gamblers had used a credit card for gambling. This shows a pronounced disproportionate relationship between credit card use and those at the greatest risk of experiencing harms.

We are currently working with data consultancy SG-retail to explore the relationship between income levels, gambling spend and credit card usage.

***3. Overdrafts and loans are much more likely to be used by those who are already experiencing gambling-related harm than by non-problem gamblers. This supports the concern raised by many respondents that some people experiencing harm may use other forms of lending to fund their gambling if they could not use credit cards.***

The participation data in Table 2 show that credit cards are the most common source of borrowed funds for online gambling. 14% of online gamblers had used a credit card to fund their online gambling and the next most prevalent form of borrowing was overdrafts used by 3.7%.

*However, compared with those who are not currently experiencing harm from their gambling, consumers who are experiencing some level of harm make proportionately greater use of overdrafts and loans to fund online gambling.*

Table 3 shows that 46% of those who had used an overdraft to fund their online gambling were problem gamblers, and 76% of those who had used a payday loan were problem gamblers (compared to 9% and 0% for non-problem gamblers respectively). Table 4 shows that 28% of all problem gamblers had used an overdraft and 20% of all problem gamblers had used a payday loan (contrasting with 1% and 0% for non-problem gamblers respectively).

It is very likely that some individuals who responded to the survey have used *all* such forms of borrowing to fund their online gambling and are therefore represented at multiple data points. In any case, the data supports concerns that a credit card ban could lead some individuals experiencing harm to utilise other forms of borrowing.

Data provided by the debt-relief charity Step Change lends further support to this. Its data concerns 500 people who had contacted the charity in 2018 seeking debt advice. Those 500 individuals had either shared with Step Change that they are experiencing harm from their gambling or had otherwise been identified by Step Change staff members as likely to be experiencing gambling-related harm.

Step Change's analysis shows that gamblers contacting the charity;

- had slightly higher incomes than non-gamblers who contact the charity,
- were more likely than non-gamblers to have ‘positive budgets’ (where their monthly income is greater than their monthly essential expenditure), and;
- were much more likely to be full-time employed.

The charity suggests that the gamblers’ debt problems are therefore likely to be primarily linked to their problem gambling, rather than being a symptom of persistent low income or a life event resulting in them not having enough income to cover essentials.

The tables below demonstrate that the gamblers were slightly more likely to experience credit card debt than other clients *but were also much more likely to have a personal loan, payday loan or overdraft than non-gamblers.*

The tables do not necessarily indicate that a client with a gambling issue has spent all of that borrowed money on gambling, rather that the client in question has access to and has used certain types of borrowing; albeit, their debt issues will either be primarily related to gambling or their debt has been exacerbated by gambling.

*Table 5*

|                                   | Clients with gambling issues | All clients |
|-----------------------------------|------------------------------|-------------|
| Average unsecured debt            | £16,323                      | £13,544     |
| Average number of unsecured debts | 8.1                          | 5.9         |

*Table 6*

|  |  |             |
|--|--|-------------|
|  |  | All clients |
|--|--|-------------|

|                                | Clients with gambling issues |        |
|--------------------------------|------------------------------|--------|
| Average number of credit cards | 2                            | 2.7    |
| Average total credit card debt | £5,185                       | £7,671 |

*Table 7*

| Type of debt  | Clients with gambling issues | All clients |
|---------------|------------------------------|-------------|
| Personal Loan | 78.0%                        | 47.1%       |
| Credit Card   | 74.8%                        | 67.9%       |
| Overdraft     | 61.0%                        | 46.9%       |
| Payday Loan   | 33.8%                        | 18.3%       |
| Catalogue     | 19.2%                        | 34.4%       |
| Home Credit   | 12.8%                        | 6.5%        |
|               |                              |             |

|            |      |       |
|------------|------|-------|
| Store Card | 5.8% | 12.2% |
|------------|------|-------|

The Money and Mental Health Policy Institute also advised that, while there are certain structural characteristics with credit cards that make them very high risk products for gambling (eg they provide an ongoing and extendable line of credit that does not adjust to a person's changing circumstances and what they can afford), similar issues exist in relation to unauthorised overdrafts.

Data provided by the RGA indicates that debit card deposits made directly with online gambling operators are much more prevalent than credit card deposits. 81% of transactions in the month of February 2019 came from debit card payment instruments and only 5% from credit cards. However, we do not know how many of those debit card transactions were made when the consumer was using an overdraft or loan linked to their current account.

#### ***4. Credit cards are used for online gambling in a manner that could exacerbate financial harm.***

In our call for evidence we highlighted that there are certain unavoidable charges for consumers where they use a credit card for a gambling transaction. In particular, gambling transactions made by credit card are effectively treated as cash advances (ATM cash withdrawals via credit card) and are subject to;

- a **cash advance fee** typically between 3% and 5%, often with a minimum fee of £3 per transaction.
- **Higher interest rates than standard credit card purchases**, for example interest rates for gambling transactions currently tend to be around 25%-30% compared to 15%-20% for standard purchases.
- **Interest accruals from the date the gambling transaction is made.** In contrast, non-gambling purchases usually attract interest free periods. Any introductory offer provided by the card issuer would not apply to cash advances or gambling transactions.

While different card issuers will of course charge different rates, we did not receive any evidence to suggest that there are any card issuers that do *not* charge fees and higher interest rates for gambling transactions.

Our concern is that such charges can exacerbate the levels of debt, and therefore harm, experienced by credit card gamblers.

We asked the RGA to provide data on:

- the *number of customers* who deposited certain amounts *in total via credit card* in a month and, separately,
- the *volume of credit card transactions of certain deposit values* made within that same month.

The RGA chose February 2019 as the month on which to report and the data for both a) and b) above come from the same RGA members. This means the data for both a) and b) therefore reflect transactions made by the same customers.

The data does *not* represent the whole online gambling industry but those RGA members who assisted with the data request include several major operators, but we are confident that the figures are representative of the online gambling industry.

*Table 8 – number of customers who deposited certain amounts in total via credit card in February 2019 (RGA data)*

| Total deposit size in given month (£) (irrespective of the volume of individual transactions over which the deposits were made) | Number of customers who have deposited the following amounts in total via credit card, in February 2019 | Number of customers as a % of total | Cumulative % |
|---|---|-------------------------------------|--------------|
| £5.00 or less   | 8892  | 5%                                  | 5%           |
| £5.01 - £10   | 21452   | 13%                                 | 18%          |
| £10.01 - £20  | 23541   | 14%                                 | 32%          |
| £20.01 - £30  | 13884   | 8%                                  | 40%          |
| £30.01 - £50  | 20604   | 12%                                 | 52%          |
|   |   |                                     |              |

|                           |        |     |     |
|---------------------------|--------|-----|-----|
| £50.01 - £75              | 11086  | 7%  | 59% |
| £75.01 - £100             | 13510  | 8%  | 67% |
| £100.01 - £200            | 18308  | 11% | 78% |
| £200.01 - £300            | 8459   | 5%  | 83% |
| £300.01 - £500            | 8625   | 5%  | 88% |
| £500.01 - £1000           | 8007   | 5%  | 93% |
| £1,000.01 - £5,000        | 7598   | 5%  | 98% |
| Greater than £5,000       | 1169   | 1%  | 99% |
| Total number of customers | 165225 |     |     |

Table 8 shows, for illustration, that 20,604 customers deposited *a total of £30 to £50* via credit card during February 2019. This deposit total for the month ignores the *number of transactions* over which they made that cumulative deposit.

The table also shows that 52% of customers deposited £50 or less in total on their credit card in the month. 67% deposited £100 or less but 6% (nearly 9,000 customers) deposited £1,000 or more in total.

The total amount deposited by credit card with these RGA members in February 2019 was £46 million (ie among the RGA members who responded to the data request). Table 8 shows that this sum was therefore derived from 165,225 customers.

*Table 9 – frequency of online gambling credit card transactions by certain deposit values in February 2019 (RGA data)*

| Deposit size (in single transaction) | Total frequency of those deposit sizes (i.e. incidence of transactions of those values, within the given month) | Incidence of transactions as a % of total number of transactions | Cumulative % |
|--------------------------------------|---|--|--------------|
| £5.00 or less                        | 101980  | 12%  | 12%          |
| £5.01 - £10                          | 192302  | 23%  | 135%         |
| £10.01 - £20                         | 187887  | 22%  | 57%          |
| £20.01 - £30                         | 91699   | 11%  | 68%          |
| £30.01 - £50                         | 116187  | 14%  | 82%          |
| £50.01 - £75                         | 17434   | 2%   | 84%          |
| £75.01 - £100                        | 70243   | 8%   | 92%          |
|                                      |   |  |              |



|                                      |        |       |      |
|--------------------------------------|--------|-------|------|
| £100.01 - £200                       | 32675  | 4%    | 96%  |
| £200.01 - £300                       | 12826  | 2%    | 98%  |
| £300.01 - £500                       | 9981   | 1%    | 99%  |
| £500.01 - £1000                      | 5249   | 1%    | 100% |
| £1,000.01 - £5,000                   | 2405   | 0.3%  | 100% |
| Greater than £5,000                  | 115    | 0.01% | 100% |
| Total number of credit card deposits | 840983 |       |      |

We also asked the RGA for the *frequency with which certain deposit amounts were made by credit card within the given month*. As such, the data shown above in Table 9 relates to the number of *occasions* on which a credit card deposit of a certain value was made rather than relating to customer numbers.

Table 9 therefore demonstrates that the £46 million in credit card deposits in the month was made (by 165,225 customers) across 840,983 separate credit card transactions.

It should be noted that it is *not* possible from the data to understand which customers made certain deposit totals and over how many transactions they made that cumulative deposit. For example, the data do not show how many transactions were executed by customers who specifically deposited £30-£50 in total or £50-£75 in total.

However, tables 8 and 9 in conjunction indicate that those who use credit cards for online gambling are generally making their deposits over *several credit card transactions per month*, rather than

making their whole monthly deposit in a single transaction. If, as the data suggest, gamblers are using credit cards frequently to make deposits, the cash advance fees they will be subject to *will exacerbate their total gambling debt* (e.g. a £5 credit card deposit for gambling will cost £8 before interest accrues, and interest will accrue from the date of the transaction).

If every one of those 840,983 credit card transactions were charged the minimum transaction fee of £3, then this cohort of 165,225 consumers will among them have incurred over £2.5 million in credit card gambling transaction fees alone, alongside the actual debt they have borrowed. The figure of £2.5m would of course be even higher if larger credit card deposits (eg £100 or greater) attract cash advance fees greater than 3%.

Some financial services firms provided us with similar data on how their customers use credit cards for gambling. Their data demonstrates an almost identical pattern to that described by Tables 8 and 9 above, and therefore helps to validate the information provided by the RGA on the relationship between deposit totals and frequency of deposits.

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[2] The December 2018 survey used only the short-form Problem Gambling Severity Index (PGSI mini-screen) questionnaire. The mini-screen was developed for the Commission from the full 9-item PGSI questionnaire by Dr Rachel Volberg (**Developing a Short Form of the PGSI** <<https://www.gamblingcommission.gov.uk/PDF/survey-data/Developing-a-Short-Form-of-the-PGSI.pdf>> 2012) and includes three of the nine questions from the full PGSI, asked to all participants who have gambled at least once in the last 12 months.

## Our proposals in view of the evidence received

Our key objective in making any regulatory change on the use of credit cards for gambling is to **reduce the risk of vulnerable consumers experiencing gambling-related harms**. This could manifest as financial harm experienced by the gambler himself or herself, resulting from their borrowing more money for gambling than they can afford to repay. But gambling harms whether financial or otherwise can impact more widely than the individual gambler, for example on their family and friends.

In delivering this objective we must also seek to **minimise any adverse impact** that a ban or restrictions may represent for gamblers who are not experiencing harm.

We are persuaded by the responses and data received to the call for evidence that there are sufficient risks of harm associated with using credit cards for online gambling to warrant action.

**We are therefore consulting specifically on two separate options of either**

- **prohibiting the use of credit cards for online gambling, or**
- **restricting or limiting their use through a range of measures to mitigate harm**

Credit cards provide a convenient means of borrowing money to fund gambling and can facilitate high levels of gambling debt eg through maximising credit limits across multiple cards. We intend to introduce measures that will create friction in the process of accessing and using borrowed funds for gambling, and therefore the most effective measures to reduce harm.

We will take the most appropriate course of action on credit cards in view of any further evidence obtained from this consultation, alongside the data already submitted.

In the following sections we outline:

- The likely advantages and disadvantages of both prohibiting credit cards for online gambling and taking action short of a ban such as limiting and restricting the use of credit cards.
- The challenges currently presented by some e-wallets and what these challenges mean from the Commission's regulatory perspective.
- The importance of financial services leading work to deliver protections for consumers who use loans or overdrafts to fund their online gambling.
- The need for further information on the motivations for, and benefits of, using credit cards for gambling.

- The changes to the **LCCP** <<https://www.gamblingcommission.gov.uk/PDF/LCCP/Licence-conditions-and-codes-of-practice.pdf>> we propose to make to introduce either a prohibition on credit cards for online gambling and non-remote betting or, alternatively, restricting them.

Specific consultation questions are also included within each section where relevant.

# Arguments for and against prohibiting and restricting credit cards for online gambling

The call for evidence indicated there was strong support for a ban on the use of credit cards. We outline below what we consider to be the key benefits of such an approach (benefits indicated with a ✓), alongside potential disadvantages (indicated with a ✗). Several other respondents to the call for evidence stated their preferred approach to limit credit card use and we also outline below the benefits and risks of pursuing controls short of a ban.

## Prohibiting credit cards

✓ Consumers would no longer be exposed to **cash advance fees and higher interest rates** that are incurred for gambling transactions.

✓ While a consumer may alternatively seek to use or apply for loans or overdrafts, or even withdraw cash via a credit card to fund their gambling, a ban on credit card deposits for online gambling would prevent the use of arguably the **most convenient form of borrowing funds for gambling**.

A number of respondents argued that by **disrupting the relatively frictionless deposit journey** a credit card ban would interrupt the immediacy of gambling when in a 'hot state' eg when feeling compelled to chase losses.

The **friction in the transactional and gambling processes** that a ban would enable may therefore help the customer to limit their gambling expenditure from borrowed money, as other forms of borrowing to fund gambling can be less convenient to access. For example, there is friction involved in the process of applying for an overdraft, loan or money transfer, and even going to the cashpoint, albeit a consumer may have immediate access to an overdraft facility in lieu of a credit card.

✓ The cumulative debt exposure from **multiple credit cards** can be enormous compared to other forms of lending. Even individual credit cards may have high borrowing limits. A number of individuals who responded to the call for evidence had accumulated tens of thousands of pounds of gambling debt on their credit cards, having each held several credit cards that provided a very high cumulative credit exposure, which they maximised. Credit card limits are rarely reduced by the card issuer, and as such a consumer's potential debt exposure does not adjust as their personal financial circumstances change.

✓ Online gambling can be accessed without leaving one's home and it provides an opportunity for rapid, potentially high-stake gambling combined with a lack of face-to-face interaction between the

customer and the operator. Combining such environmental factors with a convenient source of credit compounds the risk of consumers spending beyond their means, for instance by chasing losses with borrowed funds.

✗ If gamblers used overdrafts or loans instead of credit cards, they could be exposed to interest rates or fees similar to or higher than those accrued through credit card gambling transactions.

✗ Consumers who are not experiencing harm from the use of credit cards for gambling might be adversely impacted by a prohibition.

### **Restricting or limiting credit card use for online gambling**

Those who favoured controls short of a ban made suggestions for the types of measures that could be introduced to minimise the risks of harm. The most common suggestions made were:

- Limiting customers to only **one active credit card** per online gambling account at any one time
- Providing **cooling-off periods** e.g. so that when a credit card is added to an account it cannot be used for a period of time; and/or each single credit card deposit cannot be used for staking until a period of time has elapsed after the transaction
- Effectively banning **sub-prime (credit-building) credit cards** which are issued to consumers whose credit rating is relatively weak and which aim to help the cardholder build up their credit rating through sound management of a credit card account
- Providing customers with **warning messages about the charges** that might be levied by their card issuer, and information about the wider risks of using credit cards and other forms for borrowing for gambling.

Other suggestions included:

- Facilities provided by the gambling operator to allow customers to **set limits** on their credit card spend e.g. weekly or monthly limits on deposit size and frequency. There could also be mandatory limits set by operators including for example preventing the use of a credit card during weekend early hours.
- **Reality checks** to warn customers of their cumulative credit card spend.

✓ Measures such as cooling off and limit setting may help to provide **delays or interruptions in the gambling process** and therefore help to mitigate the rate of loss from credit card gambling.

✔ Compared with a ban, the use of control measures would **largely preserve the freedom for consumers to choose to use credit cards** for online gambling, particularly those consumers who only use them infrequently or for low levels of spend.

✔ By continuing to permit the use of credit cards for online gambling, albeit under controlled circumstances, such measures could help to **limit the extent to which consumers use other forms of borrowing** to fund their gambling.

✘ Warnings about credit card fees and interest accruals for gambling transactions may reduce the incidence of them being used by consumers. However, whether an individual is at risk of gambling-related harm or not, they will continue to incur such charges every time they use a credit card for gambling.

✘ A consumer could have one credit card registered with one operator and a different card with another operator, meaning that levels of friction would be minimal where a consumer simply moves between gambling websites.

✘ Limits could still ultimately be circumvented by consumers who choose to use loans and overdrafts instead of credit cards

There are also disadvantages specific to some of the control measures suggested:

✘ Limiting customers to only one card per account may do little to minimize financial harm if the card registered has a high credit limit.

✘ Not all operators appear to have visibility of whether a credit card has been issued by a sub-prime lender or otherwise.

✘ Those consumers at the greatest risk of harm, and who might benefit the most from setting limits on credit card use, may be the most likely to avoid setting voluntary limits or to circumvent them. Operators may need to impose backstop limits on credit cards with specific provisions for customer interaction eg where voluntary limits are reached but discarded or changed by the customer.

## E-wallets

Our call for evidence confirmed that, in respect of payments made through some e-wallets, gambling operators cannot see the ultimate source of the funds. For example, a customer may have made payment to a gambling operator through an e-wallet using either a debit card stored within the wallet, a credit card stored within the wallet, or from a separate balance acting as an independent pot of funds within the wallet. In any case, the operator only receives confirmation from the e-wallet provider that the transaction has been successful and does not know what payment instrument has been used to execute the transaction.

We understand that this lack of transparency is not presented by all e-wallets, and that the data transmitted to the merchant by certain wallets are essentially just digital versions of the card used, and that the merchant therefore has visibility of whether the card is a debit or credit card. However, some of the major e-wallet providers do not provide such transparency to their merchant clients.

This lack of transparency is crucial however, in that it presents a key challenge to the potential effectiveness of any regulation of gambling with credit cards, whether that regulation takes the form of a prohibition or tighter controls. This is because, unless the matter is addressed, customers would be able to use their credit cards through such e-wallets and thereby easily circumvent any regulatory measure introduced.

Data from the RGA shows that around:

- **5% of gambling deposits (by value) are made with a credit card directly with the gambling operator,**
- **81% are made via debit card directly with the operator, and**
- **11% of deposits are made via an e-wallet.**

We understand that PayPal and Apple Pay are likely to be the most popular wallets making up that 11%, and that other providers such as Skrill and Nettle (both part of the PaySafe Group) may make up the remainder of those e-wallet payments. Importantly, however, neither we nor gambling operators know what proportion of the 11% of payments made through e-wallets emanate from credit cards.

It is therefore essential that the lack of transparency over transactional source is addressed to ensure any regulatory measure introduced can be as effective as possible and not easily circumvented.

### **Our proposed approach**



### **a) If we pursued a prohibition of credit cards for online gambling**

In order to address the issues described above, we propose to use a licence condition to prevent gambling operators from accepting payment by credit card in any circumstance.

This would mean that operators would not be able to accept credit cards, or **any** type of e-wallet payment, **unless** individual e-wallet providers could demonstrably **prevent the use of credit cards for online gambling through their wallets**.

We need confirmation that e-wallets have the technical capacity to deliver this, but prohibitions on gambling in the USA suggest that credit card issuers themselves can block credit card gambling transactions even through e-wallets.

### **b) If we pursued measures to restrict credit card gambling short of a prohibition**

If we pursued controls on credit cards short of a ban, e-wallet providers would in any case **need to provide operators with transparency on the source of transactions and enable any harm mitigation measures to be applied to credit cards used through their e-wallet**.

If it were only possible to implement safer gambling measures for credit cards used directly with gambling operators and **not** possible to implement those same measures for credit cards used through e-wallets, we would have to prevent gambling operators accepting payment by credit card through an e-wallet. Failure to do so would mean that any control measures could be easily circumvented by using credit cards through e-wallets.

## Delivering stronger measures to prevent gambling-related harm from other forms of borrowed funds

The responses to the call for evidence have persuaded us that there could be unintended consequences if any action is taken on credit cards alone without any progress being made to limit the risks of harm from using other forms of borrowing to fund gambling.

We have not seen robust evidence of the risks of consumers turning to forms of *illegal* money lending to fund their gambling in the event of a ban on credit cards. However, there are parallels with the **FCA's 2017 review of the price cap on high-cost short-term (HCST) credit** <<https://www.fca.org.uk/publication/feedback/fs17-02.pdf>> which found no significant 'waterbed effect' ie consumers did not increase their use of other high cost credit products after failing to get HCST credit, and there was also no evidence that consumers who had been turned down for HCST credit were more likely to have subsequently used illegal money lenders.

However, we are concerned that consumers experiencing harm might use products such as overdrafts and loans to fund their gambling *in lieu of credit cards* if the latter are prohibited. This would result in the risks being displaced to these other products and consumers continuing to experience harm.

### **The role of financial services**

It is of course much harder for us to regulate the use of other forms of borrowing because gambling operators have very little visibility of whether a loan or overdraft is funding deposits made by debit card or bank transfer.

We therefore think it is essential for **financial services to take the lead in this area**, and where possible to **work with gambling operators to develop tools and approaches** that can help to mitigate the risks of harm from forms of borrowing that gambling operators have limited visibility of.

One of the areas of focus in our **National Strategy to Reduce Gambling Harms** is to support collaboration among businesses and organisations in their efforts to reduce gambling harms. The importance of collaboration applies not only to gambling operators, and we want other businesses with a role in reducing harms to work together to innovate and identify ways to support individuals experiencing harm.

We specifically reference in our Strategy that we will support developments in the financial sector in this regard. We want financial services to develop and offer tools and controls to help the customers of banks and lenders manage their gambling spend. We also want them to work to understand and support vulnerable customers who are at an increased risk of harm.

We are encouraged by the commitment of many banks to develop transactional blocking software, and we also note from our discussions that some banks, as part of their strategies to help vulnerable customers, are developing approaches to train their staff to assist customers whose vulnerability might specifically be associated with gambling.

However, we are asking financial services to consider what more can be done specifically to **identity their customers who use lending products to fund gambling** and to **reduce the risks of them experiencing harm**, and we are exploring how financial services can work with the Money and Mental Health Policy Institute in this regard to deliver means of reducing harm.

### **The role of gambling operators**

The work needed to protect consumers from harm when using borrowed money for gambling is a subset of the wider work needed to ensure that consumers can **afford** their levels of gambling spend. Our recent **Enforcement Report** <<https://www.gamblingcommission.gov.uk/for-gambling-businesses/Compliance/General-compliance/Enforcement-report-2019/Enforcement-report-201819-Affordability-and-consumer-protection.aspx>> highlighted that the Commission has reviewed several cases where individuals demonstrating gambling-related harm have funded their gambling activity through unaffordable loans, for example, and that operators' controls have been ineffective in identifying and mitigating these risks. The RGA membership continues to explore the types of information they can access to help inform them how much a new customer might be able to afford to gamble. For example, operators can access publicly available demographic-level data on disposable and discretionary spend from sources such as You Gov and the ONS. They will shortly be trialling different approaches to assessing the levels of spend new customers can afford and how these approaches can augment their customer interaction procedures.

However, we also **encourage gambling operators to work with financial services** to explore what measures can be introduced to better identify customers who might be gambling with borrowed funds (and who might therefore be struggling to afford their gambling spend) and to mitigate the risks of harm they are exposed to.

### **Customer interaction**

Remote gambling operators do not routinely have visibility of whether a customer is funding their gambling with an overdraft or loan. However, operators may sometimes have reason to check the sources of certain customers' funds in order to meet their responsibilities under the Proceeds of Crime Act 2002, Money Laundering Regulations or pre-existing **LCCP** <<https://www.gamblingcommission.gov.uk/PDF/LCCP/Licence-conditions-and-codes-of-practice.pdf>> requirements. As described above, the work being done by remote gambling

operators to establish the levels of spend their customers might be able to afford may provide a means for them to identify sources of funds from a safer gambling perspective.

We recently strengthened the **customer interaction elements of our LCCP**

<https://www.gamblingcommission.gov.uk/PDF/consultations/ADR-CI-RET-ResponseDocument.pdf> to ensure that operators focus on *identifying customers who may be at risk of or experiencing harms associated with gambling* and *interacting with customers in a way which minimises the risk of them experiencing harms*. As part of these changes it is also a requirement to take account of our guidance on customer interaction. In doing so, we re-issued our **guidance to remote operators** <https://www.gamblingcommission.gov.uk/PDF/Customer-Interaction-Formal-Guidance-Remote-July-2019.pdf> and issued **guidance to premises-based operators** <https://www.gamblingcommission.gov.uk/PDF/Customer-Interaction-Formal-Guidance-Non-Remote-July-2019.pdf> for the first time.

In that guidance we are clear that remote operators should have regard to a range of harm indicators including account-level payment behaviour *which could indicate that the customer is gambling with money they do not have*. We advise both remote and non-remote operators to have regard to the situational circumstances of the customer including *if they are experiencing financial difficulties*. We also advise more generally that all operators need to take account of the risks of customers spending more money on gambling than they can afford.

Consistent with our guidance on interaction, we would of course expect an operator to act where it identifies that a customer is gambling with borrowed money. We acknowledge that different circumstances give rise to different risks of harm associated with the use of borrowed money for gambling. For example, customers making occasional use of an interest-free overdraft to fund their gambling may pose a low risk subject to other considerations, while the use of funds from high-interest loan providers may pose a greater risk.

However, gambling with any form of credit is an indicator of potential harms. In meeting our requirements on customer interaction, we would expect operators to take particular account of customers who, for example, are (or appear to be) borrowing money for the purpose of gambling, or who are only able to fund their gambling with borrowed money. For example, this would include customers who are systematically using credit for gambling or otherwise have frequent recourse to credit to fund their gambling. If necessary, we will augment our customer interaction guidance with specific reference to the use of borrowed funds.

## **The role of the Commission**

We will engage with the FCA and third sector organisations who promote financial well-being, in particular the Money and Mental Health Policy Institute, as well as financial service providers and gambling operators, to consider further what can be done to address the risks of harm from using borrowed money for gambling. We will facilitate discussions that help to further the National Strategy and the reduction of gambling-related harms.

Specific consultation questions on the role that financial services can play are included towards the end.

# The motivations for, and benefits of, using credit cards to fund gambling

In trying to achieve our intended outcome of reducing harms from the use of borrowed money for gambling, we also need to minimise the impact of any regulatory intervention on gamblers who are not experiencing harm by funding their gambling through credit cards. In particular, we must take account of the inconvenience any intervention may cause to those individuals.

The call for evidence gathered little evidence about the **motivations** among consumers for using credit cards for gambling, or the **benefits** of using them. We did however commission some qualitative research that was undertaken among a small sample of gamblers at a moderate risk of harm. This research indicated that:

- They use credit cards for gambling as a last resort when there are otherwise no funds available from other cash flows
- Some use a credit card to hide gambling transactions from their partner that would otherwise appear on a current account statement
- Cash advance fees are begrudgingly accepted by some credit card users who do not consider the levels of fees charged to be high enough to deter them from using credit cards for gambling.

The headline responses from the 2CV consumer research on credit cards are available [here](#) `<user_uploads/headline-results-of-qualitative-research-conducted-by-2cv-.pdf>` :

However, it is important that we gain a better understanding of the motivations for using credit cards for gambling among, in particular, **gamblers who are not currently at risk of or experiencing harm** and to understand the potential extent of inconvenience from any regulatory intervention.

In order to evaluate the impact of any regulatory change it will be important to understand the reasons why any given consumer chooses to use credit cards for gambling in spite of the fees and charges which apply, and then assess what impact the regulatory change has had on their behaviour and attitude, and whether their motivations have altered.

We will undertake further work as part of this consultation to acquire more information on consumer motivations and the perceived benefits of using credit cards for gambling, and we welcome responses to the consultation on this point. A specific consultation question is included below.

## Proposed changes to LCCP

We propose either banning or restricting gambling with credit cards by making changes to **LCCP** <https://www.gamblingcommission.gov.uk/PDF/LCCP/Licence-conditions-and-codes-of-practice.pdf> . We are consulting on specific draft conditions and codes, below, which could deliver those regulatory outcomes.

We propose that any changes to LCCP arising from this consultation would take effect in **April 2020**, subject to reviewing evidence put forward in relation to the lead-in times that gambling operators and payment processors will require to make systemic or technological changes necessary to either prevent or control the use of credit cards.

We outline below the draft conditions and codes that we propose to deliver the following consultation options:

- **Option A - prohibiting the use of credit cards for all forms of remote gambling (ie for remote betting, casino, bingo and lotteries) and for non-remote betting, or;**
- **Option B - introducing controls and limits on the use of credit cards, to be applied to all forms of remote gambling and non-remote betting, instead of a prohibition.**

## Option A - proposed changes to LCCP to prohibit the use of credit cards for all remote operators (ie all remote betting, casino, bingo and lottery operators) and non-remote betting operators

The proposed new licence condition 6.1.2 below aims to prevent operators from either accepting credit card payments directly from consumers or accepting payments by means of an e-wallet, where that e-wallet payment originates from a credit card.

### **Addition of new licence condition 6.1.2**

#### **Use of credit cards**

**All non-remote general betting, pool betting and betting intermediary licences, and all remote licences except gaming machine technical, gambling software, host, and ancillary licences.**

1 Licensees must not accept payment for gambling by credit card. This includes payments to the licensee made by credit card through a money service business.

The existing **social responsibility code provision 3.7.1** below would be **removed from LCCP** as a consequence of the introduction of licence condition 6.1.2 above. This is because licensees would no longer have the option of accepting payment for gambling by credit card.

### **Removal of existing Social responsibility code provision 3.7.1**

#### **Credit cards**

**All non-remote general betting licences (except where betting is offered under a 2005 Act casino premises licence), pool betting and betting intermediary and all remote licences, except gaming machine technical, gambling software, host, ancillary remote casino, ancillary remote bingo and remote betting intermediary (trading rooms only) licences**

1 Licensees who choose to accept credit cards must:



**a** accept payment by credit card for gambling only where that payment is made to a customer account

**b** make available for gambling, funds deposited via credit card only after the card issuer has approved the transaction.

### **Non-remote betting and payment by credit card**

Non-remote casino and bingo operators are limited by section 81 of the Gambling Act to only permit the use of credit cards for the purpose of withdrawing cash on those premises, and in certain restricted circumstances. Government regulations prohibit the use of credit cards to pay for playing any gaming machines and an existing licence condition also prohibits adult gaming and family entertainment centres from permitting the use of credit.

The current social responsibility code provision 3.7.1 in respect of gambling with credit cards applies to **all remote betting, gaming and lottery operators and to non-remote betting operators**. In the event of a ban on credit cards for remote gambling, we think it would be anomalous to continue to permit non-remote betting operators to accept payment by credit card into customer accounts. If restrictions were made to credit cards instead of a ban, we would need to ensure these are also reflected in the requirements on non-remote betting operators.

### **Society Lotteries and ELMs**

Similarly, remote lotteries are currently permitted to accept credit cards under the circumstances outlined in code provision 3.7.1, but we are also of the view that it would be anomalous to omit remote lotteries from any measures to prohibit or restrict payments by credit card, given the risks posed by gambling with credit cards. We have however acquired very little data on the use of credit cards for participation in society lotteries, and we therefore welcome responses from this sector about the prevalence and scale of credit card payments, both for subscriptions for draw-based lotteries and for instant win lottery products.

We also welcome views on whether the use of credit cards to pay for lottery participation by non-remote means should be subject to either a ban or restrictions, and whether there are limits to the effectiveness of any such approach that the Commission should take account of.

**5** Do you think the Commission should introduce a prohibition on the use of credit cards for online betting and gambling?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**6** Do you agree that remote lotteries (society lotteries and external lottery managers (ELMs)) should also be subject to a ban on credit card payments for participating in lotteries?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**7** Do you think a ban should be extended to non-remote lotteries (where payment for participation in a lottery is made in premises or by post, for example)?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**8** Do you agree that the Commission should introduce a prohibition on the acceptance of credit cards by non-remote betting operators alongside a prohibition of credit cards for online gambling?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**9** Do you agree with the wording of the proposed new licence condition 6.1.2 to prohibit gambling online with credit cards (whether the credit card payment is made directly with the operator or through a money service business eg a digital or e-wallet)?

*Please select only one item*

Yes    No    Don't know

Please give reasons for your answer

## Option B - proposed changes to LCCP to introduce controls and limits on the use of credit cards, to be applied to all forms of remote gambling and non-remote betting, instead of a prohibition

Compliance with social responsibility code provisions is a condition of an operating licence. Ordinary code provisions do not have the status of licence conditions but set out good practice. Operators may adopt alternative approaches to those set out in ordinary code provisions if they have actively taken account of the ordinary code provision and can demonstrate that an alternative approach is reasonable in the operator's circumstances.

If we were to introduce changes to LCCP to deliver limits and controls on credit card gambling short of a ban, we would propose to introduce the following code provisions. This would mean that operators are obliged by the social responsibility code to minimise the risk of customers experiencing harm from the use of credit cards, but operators would not necessarily need to introduce all of the measures in the proposed ordinary code if they could demonstrate that alternative approaches are effective in meeting the outcome of minimising harm.

### **New social responsibility code provision 3.7.3**

#### **Credit cards**

**All non-remote general betting, pool betting and betting intermediary licences, and all remote licences except gaming machine technical, gambling software, host, and ancillary licences**

1 Licensees who choose to accept credit cards must do so in a manner which minimises the risk of customers experiencing harm from gambling and monitor the effectiveness of the controls applied.

### **Accompanying ordinary code provision 3.7.4**

#### **Credit cards**

**All non-remote general betting, pool betting and betting intermediary licences, and all remote licences except gaming machine technical, gambling software, host, and ancillary licences**

**1** To minimise the risk of harm from the use of credit cards licensees should provide the following measures prior to allowing a customer to use credit card funds for gambling:

- Limiting customers to one credit card as an active payment method at any one time
- Implementing a delay period between the addition of a credit card as an active payment method and making the first deposit available for staking
- Implementing a delay period between the depositing of new funds from a credit card into a customer account and those funds being available for use.
- Requiring customers to set a limit for deposits from their credit card, including both limits on deposit amounts and deposit frequency; and preventing customers from using a credit card any further when those limits have been reached
- Preventing customers from using sub-prime credit building cards for gambling
- Advising customers to check the terms and conditions of their credit agreement with their credit card issuer so that they are aware of the fees and charges that will be incurred from using that credit card for gambling
- Allowing the customer to block gambling transactions made by credit card
- Providing reality checks for customers on their credit card gambling spend
- Preventing new customers on-boarding with any credit card until a certain period has elapsed, during which period the operator should monitor the customer's deposit and spend behaviour, before allowing a credit card to be used.

**10** Do you agree that the Commission should introduce limits, restrictions and control measures on the use of credit cards for online gambling instead of a prohibition on credit cards?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**11** Do you agree that non-remote betting operators should be included within the code so that they would also have to provide the same measures as remote gambling operators?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**12** Do you agree that lottery operators should be included within the code so that they would also have to provide the same measures as other remote gambling operators?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**13** Do you agree with the wording of the proposed new social responsibility code provision 3.7.3 that would require operators to minimize the risks of harm from gambling with credit cards?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer



**14** Do you agree that the suggestions for specific control measures should be introduced as part of an ordinary code provision 3.7.4 rather than a social responsibility code provision?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**15** Do you agree with the wording of the proposed ordinary code provision 3.7.4?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**16** Are there any particular control measures you think should be mandated by the Commission so that gambling operators are required to deliver them?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

### Other consultation questions- e-wallets

**17** Do you agree that any new requirements or provisions introduced should also apply to credit card transactions conducted through e-wallets?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**18** Do e-wallets have the technical capacity to identify and prevent credit card transactions for gambling?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**19** In the event of controls and limits being introduced instead of a prohibition, are operators able to apply such controls to credit card transactions made through e-wallets?

*Please select only one item*

Yes  No  Don't know

Please give reasons for your answer

**20** If operators are not currently able to apply such controls to credit card transactions made through e-wallets, what changes to e-wallets would be required to allow operators to continue to accept payments through e-wallets?

Please give the information below

### Other consultation questions- the role of financial services

**21** What measures can financial services such as banks and lenders take to:

1- Identify their customers who are using borrowed funds for gambling

2- Mitigate the risks of harm to those customers?

**22** What information can financial services share with gambling operators to enable operators to be better equipped to mitigate the risks of harm from borrowed money?

Please give the information below

### Other consultation questions- motivations and benefits

*The following questions are aimed at gambling consumers who used credit cards for gambling. You are welcome to reply anonymously to our consultations.*

**23** Why do you choose to use credit cards for gambling?

Please give the reasons below

**24** Are you aware of the fees and rates of interest applied by card issuers when a credit card is used for a gambling transaction?

*Please select only one item*

Yes    No    Don't know

Please give reasons for your answer

**25** Do these charges deter you from using credit cards for gambling?

*Please select only one item*

Yes    No    Don't know

Please give reasons for your answer

**Other consultation questions- lead in times for technological and systemic developments**

*The following questions are aimed primarily at gambling operators but answers might also need to be informed by third parties such as payment processors.*

**26** How long a lead-in time would you need to give effect to a prohibition on credit cards for gambling, i.e. so that your systems could prevent any transactions by credit card?

Please give the information below

**27** Are you able to provide an estimate of the costs that might be incurred by your business through implementing a prohibition on gambling with credit cards? Such costs might include, for example, technological changes (including software development and associated staff time), familiarisation costs in terms of staff training, or other business impact costs. Please also provide details of one-off costs and any annual or ongoing costs from the proposals.

Please provide estimates

**28** How long a lead-in time would you need to deliver controls measures and restrictions on the use of credit cards such as those described in the draft Ordinary Code provision 3.7.4?

**Draft ordinary code provision 3.7.4 text**

**Accompanying ordinary code provision 3.7.4**

**Credit cards**

**All non-remote general betting, pool betting and betting intermediary licences, and all remote licences except gaming machine technical, gambling software, host, and ancillary licences**

**1** To minimise the risk of harm from the use of credit cards licensees should provide the following measures prior to allowing a customer to use credit card funds for gambling:

- Limiting customers to one credit card as an active payment method at any one time
- Implementing a delay period between the addition of a credit card as an active payment method and making the first deposit available for staking
- Implementing a delay period between the depositing of new funds from a credit card into a customer account and those funds being available for use.
- Requiring customers to set a limit for deposits from their credit card, including both limits on deposit amounts and deposit frequency; and preventing customers from using a credit card any further when those limits have been reached
- Preventing customers from using sub-prime credit building cards for gambling
- Advising customers to check the terms and conditions of their credit agreement with their credit card issuer so that they are aware of the fees and charges that will be incurred from using that credit card for gambling
- Allowing the customer to block gambling transactions made by credit card
- Providing reality checks for customers on their credit card gambling spend
- Preventing new customers on-boarding with any credit card until a certain period has elapsed, during which period the operator should monitor the customer's deposit and spend behaviour, before allowing a credit card to be used.



Please give the information below

**29** Are you able to provide an estimate of the costs that might be incurred by your business through implementing facilities to control and limit gambling with credit cards (i.e. instead of a prohibition)? Such costs might include, for example, technological changes (including software development and associated staff time), familiarisation costs in terms of staff training, or other business impact costs. Please also provide details of one-off costs and any annual or ongoing costs from the proposals.

Please provide estimates

# Evaluating the impact of changes to our regulatory framework on the use of credit cards for gambling

We will plan our approach to ensure that we evaluate the impact and effectiveness of any regulatory change at the earliest possible stage after the changes are implemented in **LCCP** <https://www.gamblingcommission.gov.uk/PDF/LCCP/Licence-conditions-and-codes-of-practice.pdf> . We expect to commission an independent third party to conduct an evaluation.

The effectiveness of the regulatory change would need to be evaluated against our key policy objectives of

- **reducing the risks of harm** to consumers from gambling with credit cards;
- while also **minimising the impact on** gamblers not currently experiencing harm.

We will be prepared to alter or reverse our regulatory intervention if evaluation reveals that the intervention has contributed to adverse and disproportionate unintended consequences.

There are a range of measures that we could use to evaluate the effectiveness of our approach. These include:

- evaluating behavioural change and any changes in levels of harm among **those who are currently experiencing harm and adverse negative consequences from using credit cards for gambling**. This might involve;
  - assessing the prevalence of these consumers having recourse to other forms of borrowed funds (such as overdrafts and loans) to fund their gambling in lieu of credit cards;
  - the extent to which their use of alternative forms of borrowing has increased or reduced the levels of harm they experience;
- evaluating behavioural change among **those who are not currently experiencing any harm from their use of credit cards for gambling**, including in particular;
  - understanding the perceived levels of inconvenience to these gamblers caused by the regulatory intervention
  - the extent to which these gamblers are able to fund their gambling from other sources in lieu of credit cards

An evaluation of the impact of any change will require information concerning the *motivations* behind consumers' use of credit cards for gambling. That is, it will be important to understand the reasons why any given consumer chooses to use credit cards for gambling in order to assess what impact the regulatory change has had on their behaviour and attitude, and whether their motivations have altered. We will acquire more data on motivations as part of the consultation.

## Before you submit your response

We have a few questions we would like to ask you to improve future consultations.

**30** If you have any evidence you would like to submit with your response, please upload it here.

**Please attach a copy of any documents you wish to include to this printout.**

Please submit your evidence in a PDF (\*.PDF) format

Upload

**31** How did you hear about this consultation?

*Please select only one item*

- Social media    Word of mouth    Gambling Commission website  
 Broadcast (News, TV, or radio)    Newspaper (print or online)  
 Website (non-government)    Other

If you answered other, please specify

**32 Overall, how satisfied were you with our online consultation tool?**

*Please select only one item*

- Very satisfied     Satisfied     Somewhat satisfied     Disappointed

How could we improve this service?