# Summer 2023 consultation on proposed changes to Licence Conditions and Codes of Practice (LCCP), Remote Gambling and Software Technical Standards (RTS), and arrangements for Regulatory Panels

#### Overview

The Gambling Commission regulates most forms of commercial gambling in Great Britain.

We are consulting on a series of proposed changes to our requirements on gambling businesses, through the Licence Conditions and Codes of Practice (LCCP) and Remote Gambling and Software Technical Standards (RTS). We are also consulting on proposed changes to our arrangements for Regulatory Panels.

All stakeholders, including consumers, gambling operators and members of the public are invited to share their views on these proposals.

## Why your views matter

In April 2023 the government published its white paper **High stakes: gambling reform for the digital age** <a href="https://www.gov.uk/government/publications/high-stakesgambling-reform-for-the-digital-age">https://www.gov.uk/government/publications/high-stakesgambling-reform-for-the-digital-age</a>, which set out a plan for reform of gambling regulation following the review of the Gambling Act 2005.

This consultation package includes the first set of proposed changes to the regulatory framework required to implement the Gambling Commission's commitments as part of the review.

# Please give us your views

The following four areas form our first set of proposed changes to the regulatory framework following on from the Gambling Act Review:

Improving consumer choice on direct marketing

We want to empower customers by giving them more control over the direct gambling marketing they wish to receive. We are consulting on introducing a new LCCP requirement to provide customers with options to opt-in to the product type they are interested in and the channels through which they wish to receive marketing.

Strengthening age verification in premises

We are consulting on removing the current exemption from carrying out age verification test purchasing for the smallest gambling premises and changing the relevant ordinary code (good practice) elements of our LCCP to say that licensees should have procedures that require their staff to check the age of any customer who appears to be under 25, rather than under 21.

We are also seeking views on how licensees make sure they have effective age verification procedures where their premises may not be directly supervised.

Remote game design

We are consulting on a series of changes to existing Remote Gambling and Software Technical Standards and new requirements, in order to reduce the speed and intensity on online products while making them fairer and increasing consumer understanding about game play. We are proposing a 5s min game speed which targets the fastest versions of non-slots products. We also propose removing features which can speed up play to reduce the harm experienced by consumers who are gambling particularly quickly or intensely. Another proposal seeks to remove features which may mislead consumers or create dissociation from awareness of play. We are also consulting on a technical update to RTS security requirements to reflect the 2022 update to ISO 27001.

Remote gambling: financial vulnerability and financial risk

We are consulting on new obligations on operators to conduct checks to understand if a customer's gambling is likely to be harmful in the context of their financial circumstances, in the form of financial vulnerability checks and financial risk assessments.

We are proposing to include the new codes for these measures in the Customer Interaction section of LCCP, because while we are proposing new specific requirements on operators in relation to financial risk, operators should use the information obtained within their overall approach of identifying risk of harm and taking action to prevent gambling harm.

We are also consulting on the following areas:

Extending Personal Management Licences requirements

Gambling licensees must ensure that an employee holds a personal management licence (PML) if they are responsible for one of the 'specified management offices' defined in Licence Condition 1.2.1. We are consulting on changes to this licence condition which would both clarify and extend the roles captured by this definition.

Changes to Regulatory Panels

We are consulting on a number of changes to the composition and decision-making processes of the Commission's Regulatory Panels.

# Responding to this consultation

Thank you for taking part in this consultation. This consultation document covers six areas of proposals and each has a number of questions. You can choose to respond to each area in whichever order you wish. You can choose to respond to as few or as many areas and questions as you wish to and we will consider all responses.

We ask that stakeholders respond to the consultation using the online survey. If you cannot submit online, responses can also be submitted by post to: **Policy Team, Gambling Commission, 4th Floor, Victoria Square House, Birmingham, B2 4BP**.

We may decide to publish the names of individuals (if responding in a personal capacity) or the organisations they are responding on behalf of on our website as part of the published response to this consultation.

In the survey, we have asked you to indicate whether or not you provide consent to the Commission publishing:

- your name, if you are responding in a personal capacity, or
- the name of your organisation, if you are replying on their behalf.

If you provide consent then this information may be placed on our website to provide information about who responded to the consultation exercises.

Information about how the Gambling Commission processes your personal information, including a specific section on information we collect as part of a Gambling Commission consultation exercise, can be found in the **Gambling Commission's Privacy Policy**<a href="https://www.gamblingcommission.gov.uk/privacy-policy">https://www.gamblingcommission.gov.uk/privacy-policy</a>.

#### The consultation will last for 12 weeks and will close on 18 October 2023.

# Introductory questions

1 What is your name? Name
<b>2</b> What is your email address?
3 What is the name of your organisation?  Organisation name (if relevant)
4 As part of this consultation, we may decide to publish your name (if you are responding in a personal capacity) or the name of your organisation (if you are responding on your organisation's behalf) on our website to indicate you responded to this consultation. Do you provide your consent to these details being published?  (Required)  Please select only one item
I CONSENT to the publication of my name or organisation to indicate I responded to this consultation.
I DO NOT CONSENT to the publication of my name or organisation to indicate I responded to this consultation.  Gambling Commission's Privacy Notice

	ll us a little bit about you to help us understand your perspective.
	select only one item
	An academic, responding as an individual
	A person, responding in a personal capacity who is or has worked in a
	gambling business A member of the public
	A person representing a charity/non-profit
$\bigcirc$	A person representing a gambling business
	A person representing a trade association
	A person representing a professional body, including academic organisations
$\bigcirc$	A person representing a licensing authority or other regulator
Introdu	ctory questions (contd)
In this se	ection, we ask a number of questions to help us understand the perspective of the responses we receive to nd tailor our policy decisions.
If you or	someone you know is struggling with gambling-related problems, contact the National Gambling Helpline
-	www.gamcare.org.uk/> , 0808 8020 133. Free of charge 24 hours a day, 7 days a week.
	w often do you gamble?
	Two or more times a week
	Once a week
	Less than once a week, more than once a month
$\sim$	Once a month
00000	Every 2-3 months
$\widetilde{\bigcirc}$	Once or twice a year
$\tilde{\bigcirc}$	Never
_	
<b>7</b> Ha	ve you gambled online in the past four weeks?
	select only one item
$\bigcirc$ $\checkmark$	Yes
$\circ$	No
you	what extent do you agree or disagree that in the past 12 months, u or someone close to you has experienced negative nsequences as a result of your gambling?

The Commission's privacy notice <a href="https://www.gamblingcommission.gov.uk/privacy-policy">https://www.gamblingcommission.gov.uk/privacy-policy</a> is available on our

website.

Please select only one item

$\bigcirc$	Strongly agree
$\bigcirc$	Agree
$\bigcirc$	Neither agree nor disagree
$\bigcirc$	Disagree
$\bigcirc$	Strongly disagree
$\bigcirc$	Prefer not to say
yo so	what extent do you agree or disagree that in the past 12 months, u have experienced negative consequences as a result of meone else's gambling?  Select only one item
$\bigcirc$	Strongly agree
$\bigcirc$	Agree
$\bigcirc$	Neither agree nor disagree
$\bigcirc$	Disagree
$\bigcirc$	Strongly disagree
$\bigcirc$	Prefer not to say

# **Executive summary**

#### Introduction

The Gambling Commission (the Commission) is the independent regulator of commercial gambling in Great Britain. As part of its role, the Commission provides formal statutory advice to the Secretary of State under Section 26 of **the Gambling Act 2005 (the Act)**<a href="https://www.legislation.gov.uk/ukpga/2005/19/contents">https://www.legislation.gov.uk/ukpga/2005/19/contents</a>.

From December 2020 to March 2021, the Department for Digital, Culture, Media and Sport (DCMS) conducted a **Call for Evidence on the Gambling Act 2005** 

<a href="https://www.gov.uk/government/publications/review-of-the-gambling-act-2005-terms-of-reference-and-call-for-evidence/review-of-the-gambling-act-2005-terms-ofreference-and-call-for-evidence">https://www.gov.uk/government/publications/review-of-the-gambling-act-2005-terms-ofreference-and-call-for-evidence</a>, the Act which sets out how gambling in Great Britain is regulated. The Secretary of State asked the Commission to provide advice on Government policy and legislation in relation to gambling and specifically on each of the topics of the review.

In April 2023 the government published its white paper **High stakes: gambling reform for the digital age** <a href="https://www.gov.uk/government/publications/high-stakesgambling-reform-for-the-digital-age">https://www.gov.uk/government/publications/high-stakesgambling-reform-for-the-digital-age</a>, which set out a plan for reform of gambling regulation following the review of the Gambling Act 2005.

We are consulting on a series of proposed changes to our requirements on gambling businesses, through the Licence Conditions and Codes of Practice (LCCP) and Remote Gambling and Software Technical Standards (RTS), under Section 24 of the Gambling Act 2005.

This consultation package includes the first set of proposed changes to the regulatory framework required to implement the Gambling Commission's commitments made in the Gambling Act Review.

In addition to this package, we are also consulting on arrangements and requirements for personal management licences and how we operate regulatory panels as part of our governance framework.

All stakeholders, including consumers, gambling operators and members of the public are invited to share their views on these proposals.

# **Summary of proposals**

We are consulting on four sets of proposed changes to the regulatory framework following on from the Gambling Act Review, and two further areas.

# Gambling Act Review topics for consultation

The government's white paper sets out the policy intent and evidence on which these changes to the regulatory framework are based. This was informed by significant engagement, and a call for evidence, and indeed the Commission's Advice to government. In addition, the Commission has conducted significant engagement on some of the topics in this consultation - including for example a previous **Consultation and Call for Evidence** </author/remote-customer-interaction-consultation-andcall/supporting\_documents/CI%20consultation%20call%20for%20evidence.pdf> in relation to

financial risk assessments. In this consultation, we present more detailed proposals relating to those policies, and how these changes could be implemented.

## Improving consumer choice on direct marketing

We are consulting on introducing a new LCCP requirement to provide customers with options to opt-in to the product type they are interested in and the channels through which they wish to receive marketing. We want to empower customers by giving them more control over the direct gambling marketing they wish to receive.

## Strengthening age verification in premises

We are consulting on removing the current exemption from carrying out age verification test purchasing for the smallest gambling premises and changing the relevant ordinary code (good practice) elements of our LCCP to say that licensees should have procedures that require their staff to check the age of any customer who appears to be under 25, rather than under 21.

We are also seeking views on how licensees make sure they have effective age verification procedures where their premises may not be directly supervised.

## Remote game design

We are consulting on a series of changes to existing Remote technical standards and new requirements, in order to reduce the speed and intensity of online products while making them fairer and increasing consumer understanding about game play. We are proposing a 5s min game speed which targets the fastest versions of non-slots products. We also propose removing features which can speed up play to reduce the harm experienced by consumers who are gambling particularly quickly or intensely. Another proposal seeks to remove features which may mislead consumers or create dissociation from awareness of play. We are also consulting on a technical update to RTS security requirements to reflect the 2022 update to ISO 27001.

# Remote gambling: financial vulnerability and financial risk

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We are proposing to include the new codes for these measures in the Customer Interaction section of LCCP, because while we are proposing new specific requirements on operators in relation to financial risk, operators should use the information obtained within their overall approach of identifying risk of harm and taking action to prevent gambling harm.

# Other topics for consultation

# Extending Personal Management Licences requirements

Gambling licensees must ensure that an employee holds a personal management licence (PML) if they are responsible for one of the 'specified management offices' defined in Licence

Condition 1.2.1. We are consulting on changes to this licence condition which would both clarify and extend the roles captured by this definition.

## Changes to Regulatory Panels

We are consulting on a number of changes to the composition and decision-making processes of the Commission's Regulatory Panels.

# Our approach to evidence and stakeholder engagement

The Gambling Commission uses a range of data, research and insights to inform the decisions that we make and provide advice to the Government about gambling behaviour and the gambling market. We track the size and shape of the gambling industry, rates of participation in gambling, and the prevalence of problem gambling, in both adults and children. In addition, we consider wider trends in consumer behaviour, listen to the full breadth of consumer voices through our Consumer Voice programme, and focus quantitatively and qualitatively on key issues, impacts and emerging areas of interest.

We work with a variety of stakeholders and interested parties to gain insight and perspective. This helps to support our own commissioned research, statistics, regulatory casework and operator data analysis, to build a large volume and diverse range of evidence. We also have ready access to a wide range of experience and perspectives through our expert panels: the **Lived Experience**Advisory Panel <a href="https://www.gamblingcommission.gov.uk/about-">https://www.gamblingcommission.gov.uk/about-</a>

us/governanceCommitteesAndBoards/livedexperience-advisory-panel>, the Advisory Board for Safer Gambling <a href="https://www.gamblingcommission.gov.uk/absg">https://www.gamblingcommission.gov.uk/absg</a> and the Digital Advisory Panel <a href="https://www.gamblingcommission.gov.uk/about-us/governanceCommitteesAndBoards/digital-advisory-panel">https://www.gamblingcommission.gov.uk/about-us/governanceCommitteesAndBoards/digital-advisory-panel</a>.

We use a rigorous, consistent, and transparent evidence assurance process to collate, interpret and weigh up the overall strength of the evidence base for a given issue or topic. Where there are gaps in the evidence base, we are transparent about that and identify what ideal evidence would look like, and how those gaps could be filled. We have recently published our **Evidence Gaps and Priorities** 2023-2026 <a href="https://www.gamblingcommission.gov.uk/about-us/guide/evidence-gaps-and-priorities-2023-to2026">https://www.gamblingcommission.gov.uk/about-us/guide/evidence-gaps-and-priorities-2023-to2026</a> which includes topics related to the Gambling Act Review. This plan will need us to prioritise our resource on those gaps, for example a key area will be using our consumer voice programme to focus on financial risk and financial vulnerability. Alongside this consultation, we will therefore progress quantitative and qualitative work to inform our final decisions on this topic. This research will be published in due course.

A number of the proposals in this consultation were set out in **Advice we provided to government** <a href="https://www.gamblingcommission.gov.uk/about-us/guide/advice-togovernment-review-of-the-gambling-act-2005">https://www.gamblingcommission.gov.uk/about-us/guide/advice-togovernment-review-of-the-gambling-act-2005</a> to support their **review of the Gambling Act 2005** <a href="https://www.gov.uk/government/publications/review-of-the-gambling-act-2005-terms-of-reference-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call-for-evidence-and-call

and the advice followed the process described above. The proposals in this consultation now set out how our recommendations could be implemented.

For this document we take the following approach for relevant proposals, noting the headline conclusion on the evidence in the Commission's earlier advice and flagging where:

- The position has not changed since we provided the advice,
- Further evidence has been obtained since the advice and the impact on our assessment of
  the evidence. For example: Since our Advice to Government was published, we have
  published our assessment of the earlier game design changes
   <a href="https://www.gamblingcommission.gov.uk/news/article/assessment-of-online-games-designchanges">https://www.gamblingcommission.gov.uk/news/article/assessment-of-online-games-designchanges</a> and obtained a sample of data from licensees to enhance our
  understanding of the prevalence of these characteristics and our knowledge of play
  behaviour for roulette, blackjack and other casino games, and/or
- where and how we are further building the evidence base to help contribute to the final conclusions following the consultation.

The policy intent and evidence which underpins many of the proposals in this document have been subject to extensive stakeholder engagement, for example during earlier consultation and call for evidence exercises and during the review of the Gambling Act 2005 and the formulation of the government's white paper.

This 12-week consultation provides stakeholders with the opportunity to comment on, and inform, the specifics of those proposals.

We remain open to direct engagement during this period, primarily through existing meetings, networks and fora.

We will review consultation responses alongside additional evidence that is obtained prior to the conclusion of this consultation and provide an update in our consultation response document.

# **Evaluating the impact of relevant proposals**

The Gambling Commission works to assess our overall progress towards the strategic objectives set out in **our corporate strategy** 

<a href="https://www.gamblingcommission.gov.uk/about-us/guide/our-strategy-for-the-next-three-years">https://www.gamblingcommission.gov.uk/about-us/guide/our-strategy-for-the-next-three-years</a>.

This includes through our work on <a href="https://www.gamblingcommission.gov.uk/about-us/guide/our-strategy-for-the-next-three-years">https://www.gamblingcommission.gov.uk/about-us/guide/our-strategy-for-the-next-three-years</a>.

This includes through our work on <a href="https://www.gamblingcommission.gov">https://www.gamblingcommission.gov.uk/about-us/guide/our-strategy-for-the-next-three-years</a>.

<a href="https://www.gamblingcommission.gov.uk/about-us/impact-metrics">https://www.gamblingcommission.gov.uk/about-us/impact-metrics</a>. The proposals in this consultation relate primarily to the first of our strategic objectives (protecting children and vulnerable people from being harmed by gambling), and to controls designed to support two outcomes that we are aiming for:

- children are unable to gamble on age-restricted products we license
- vulnerable people do not experience gambling related harm

Alongside this work to measure overall impact, the Commission is developing its approach to further evaluation related to these consultation proposals. Our approach will be proportionate in

nature, recognising complexity associated with evaluating proposals that are part of a multi-year and interconnected programme of work, related available evidence, and key areas that can be expected to deliver the most insights and opportunities for learning. We will present further details on evaluation in our published response. We will take into account views on the evidence that would help inform evaluation, as well as evidence presented throughout the consultation process.

In approaching this programme of evaluation, there are some key principles which inform our work and which have been explored in our advice to government and in earlier consultations:

- The proposals for consultation are a part of a package of measures set out in our advice to government, which include protections that we recommend apply at each stage of the consumer journey. Together these measures are intended to make gambling products inherently safer but also support and empower customers to control and manage their gambling and to seek redress where things go wrong. Therefore, we will seek to understand the overall impact of our package of work in delivering our strategic outcomes (as set out in our Impact Metrics). These may include metrics such as population level participation and prevalence statistics, building on our new methodology.
- Compliance assessment is a key input to our assessment of impact. Our compliance data
  can help us identify if we continue to see cases highlighting consumer harm which can
  inform the need for enforcement activity or further changes to the regulatory controls, but
  can also help us identify examples of good practice which can be shared.
- Our regulatory data is a key way to gather trend data on particular themes. One of the actions set out in the government's white paper is that the Commission will 'build on the expansion of datasets it collects from operators for regulatory purposes to develop a rich resource that will strengthen the evidence base on gambling and inform dataled regulatory action. It will explore how this anonymised regulatory data can be shared with researchers.' In relation to the proposals set out in this consultation, regulatory data can, for example, tell us about the volume and nature of customer interactions. Over time, consideration can be given to how regulatory data can specifically inform appraisal of the volume of financial risk assessments and the link to the nature of customer interactions.
- Ongoing understanding of the consumer voice, and the voice of people with lived experience
  of gambling harms, is a further key input to assessing overall impacts on consumer behaviour
  and understanding perspectives on individual policies.
- Targeting our resources for deep dives into specific topics for evaluation can enhance our understanding of impact of our most significant proposals.

# Impact assessments

In developing these proposals the Commission seeks to understand the impact and proportionality of the approach we propose to take to implementing the white paper in terms of the impact on businesses.

Throughout this consultation we have included questions inviting views on the direct costs which may be incurred by affected businesses associated with implementing the proposals.

# **Equalities impacts**

The Commission is committed to giving consideration to potential equalities impacts, having regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

Our key overarching equalities considerations are the demographics of gamblers, the demographics of where harm is most experienced and the possible unintended adverse equalities impacts.

As part of providing advice to government as part of the review of the Gambling Act 2005, we considered the evidence relating to harms, we stated that 'we know that some people are more likely to experience harm than others, including those who engage in multiple activities, men, those with probable mental health issues and players with the highest gambling expenditure. Whilst adults may be in a vulnerable situation at any age, young adults may in particular be additionally vulnerable to gambling related harms due to a combination of biological, situational and environmental factors. In a 2018 analysis of the Avon Longitudinal Study of Parents and Children (ALSPAC) (PDF) <a href="https://www.begambleaware.org/sites/default/files/2020-12/gambling-and-problem-gambling-among-young-adults-revision-10818-final-publish-002.pdf">https://www.begambleaware.org/sites/default/files/2020-12/gambling-and-problem-gambling-among-young-adults-revision-10818-final-publish-002.pdf</a>, young adults were found to be most at risk of falling into problem gambling around the age of 20 to 21. This is a time when many young adults are adjusting to new freedoms such as moving out of home and managing their own finances.'

Similarly, the white paper noted that 'According to the Patterns of Play data, total online gambling spend is 43% higher from the most deprived decile than the least deprived decile, and it's 73% higher specifically on gaming products'.

The proposals in this consultation include consideration of where people are more likely to experience harm than others and target proposals where we consider it proportionate to the associated risks. This approach is designed to build in equalities considerations to our proposals. This includes proposals relating to:

- Requirements to strengthen age verification in land based environments to protect children and young people
- Requirements to conduct financial risk assessments at lower thresholds for young adults to identify risk in a manner appropriate for this age group, taking account of the increased risk of harm
- Requirements relating to financial risk assessments which take account of the customer's financial circumstances and therefore considers risk of deprivation and financial vulnerability.

Therefore, we consider that our proposals to reduce harm should have a positive equalities impact. We are not aware of any significant adverse equalities impacts from these proposals. However, we

ask specific questions in this consultation to explore potential equalities effects and we welcome responses on these issues.

# **Next steps**

Following consultation, the Commission will analyse responses to this consultation alongside input from stakeholders and additional evidence gathered during the consultation period to formulate our response. We anticipate (subject to the consultation) that the majority of topics will have a minimum of a three-month notice period between publishing the response and for proposed changes to take effect. We are seeking views from respondents about the time it may take to implement each of the changes and new requirements, should they progress to implementation.

# Consultations contents page

	Please select a consultation section below. If you have answered all of the ones you wish, please select the 'finished' option.
(Req	uired)
Please	select only one item
$\bigcirc$	Improving consumer choice on direct marketing
$\bigcirc$	Strengthening age verification in premises
$\bigcirc$	Remote game design
$\bigcirc$	Remote gambling: financial vulnerability and financial risk
$\bigcirc$	Extending personal management licences requirements
$\bigcirc$	Changes to Regulatory Panels
$\bigcirc$	Finished

# Improving consumer choice on direct marketing

The government's white paper **High stakes: gambling reform for the digital age**<a href="https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-thedigital-age">https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-thedigital-age</a>, sets out that "the Gambling Commission will consult on setting higher standards for operators in obtaining all customers' consent to direct marketing and promotional offers."

## Summary of proposal

We want to empower customers by giving them more control over the direct gambling marketing they wish to receive. To achieve this, we are consulting on introducing a new requirement to provide customers with options to opt-in to marketing based on the product type(s) (e.g. betting, bingo, casino etc.) they are interested in and the channel(s) (e.g. e-mail, SMS, etc.) through which they wish to receive marketing.

# Why are we considering this proposal?

To provide both new and existing gambling consumers greater control over the marketing they receive and reduce the risk of harm associated with incentivising customers to gamble on additional products which are likely to be of higher risk. We want to extend the principles of the **Privacy and Electronic Communications Regulations** <a href="https://ico.org.uk/for-organisations/direct-marketing/guide-to-pecr/">https://ico.org.uk/for-organisations/direct-marketing/guide-to-pecr/</a> (which require a very high bar, and granular level, of consent to send direct acquisition e-marketing) to new and existing customers.

## Background

As set out in our advice to government to support the Gambling Act review, **research on free bets and bonuses** <a href="https://www.gamblingcommission.gov.uk/aboutus/guide/consumer-experiences-and-attitudes-to-free-bets-and-bonuses">https://www.gamblingcommission.gov.uk/aboutus/guide/consumer-experiences-and-attitudes-to-free-bets-and-bonuses</a> conducted via the Gambling Commission's online survey data shows that, on average, across all gambling activities, consumers received 7 incentives to gamble within the last 7 days. Respondents who reported receiving an incentive mainly received them for online betting activities (73%), with online activities such as slots (39%), bingo (37%) and casino (30%) being most frequently incentivised after that.

Almost two thirds of gamblers had received some form of gambling incentive in the last 12 months, with the most common being for Free Bets/Spins, closely followed by Sign Up Offers. The research also shows that some consumers (39%) liked receiving free bets/bonus offers, but equally 41% did not. Interestingly, 48% indicated they would prefer not to receive free bets and bonus offers. As it is already a requirement that customers should be offered an option to opt-out of marketing, it appears that more can and should be done to highlight to customers how to control the marketing they receive.

Qualitative evidence from our Lived Experience Advisory Panel (LEAP) also indicates that consumers who sign up to one product, very quickly receive offers for riskier products, such as casino games. Our online tracker also suggests that young adults take up offers more than other age groups, and also spend more than they intend to due to direct emails from gambling

companies. This is more prevalent for those in the moderate to high-risk categories within this age group.

#### The Gambling Commission's online survey data on free bets and bonuses

<a href="https://www.gamblingcommission.gov.uk/about-us/guide/consumer-experiences-andattitudes-to-free-bets-and-bonuses">https://www.gamblingcommission.gov.uk/about-us/guide/consumer-experiences-andattitudes-to-free-bets-and-bonuses</a> shows that 28% started to gamble on a new activity as a result of receiving a bonus offer. Although this may demonstrate a successful marketing campaign, we would be concerned if this has a negative impact on people who are vulnerable.

Evidence shows that 77% of problem gamblers (according to the Problem Gambling Severity Index (PGSI)) were prompted to spend money on gambling when prompted with a free bet or a bonus, compared with 14% of non-problem gamblers.

Customers that gamble on multiple products score more highly on PGSI compared to those that only gamble on one product. According to the health survey 2018, 0.2% of respondents that indicated they gambled on a single product were classified as a problem gambler. The proportion is higher for all other categories involving multiple gambling products, 0.7% for 2-3 activities rising to 1.2% and 15.1% for 4-6 and 7 plus activities respectively.

Accounts that gamble on both sports betting and gaming products were found to lose considerably more than accounts that only gambled on either sports or gaming products according to the **Patterns of Play research** *<https://natcen.ac.uk/publications/patterns-play>*. 'Dual' customers lost an average of around £600 in a year compared to roughly £300 for gaming-only and £135 for betting.

This proposal is anchored on the principles of consumer empowerment and choice. We acknowledged in our **advice to government** 

<a href="https://www.gamblingcommission.gov.uk/about-us/guide/advice-to-government-review-of-the-gambling-act-2005">https://www.gamblingcommission.gov.uk/about-us/guide/advice-to-government-review-of-the-gambling-act-2005</a>> that there was a gap in research on the impact of cross-selling and the potential impact on vulnerable adults. We are currently conducting additional consumer research on the topic of bonus offers and incentives, which will provide further insights on the role of cross-selling in the consumer journey and the possible impacts on play behaviour. This work is due to complete in autumn 2023 and will inform a future consultation on how marketing incentives are structured and targeted.

# Details of the proposal

To aid comprehension, the term direct marketing is used with the same definition as in the Data Protection Act 2018, "the communication (by whatever means) of advertising or marketing material which is directed to particular individuals". Any reference to marketing should be read as direct marketing.

We know that operators normally provide some options for marketing preferences during the registration process for an account. How this is presented to customers varies between operators with some providing options for customers to select their preferred marketing channels (e.g. e-mail, SMS, in-app). Our proposal is that all gambling customers are provided with these options. We see

good examples in other industries online, such as banking, where options are offered to control marketing by channel.

Many gambling operators, especially larger ones, offer multiple products (casino, betting, bingo etc.) but only provide customers the option to opt-out from all offers/promotions which may include products that the customer is interested in or actively wishes to receive.

On a related topic, we are aware that some licensees offer self-exclusion per product. We also received a number of responses to previous consultations where customers indicated they had used product exclusion to prevent access to certain products. This indicates there is consumer demand to be able to control one's gambling experience and these proposals will increase customers' ability to do so.

Our research indicates that customers can be influenced to gamble when they receive marketing and that customers that play on multiple products are at an increased risk of gambling related harm. Path to Play <a href="https://www.gamblingcommission.gov.uk/about-us/guide/understanding-consumer-journeys-introducing-the-path-to-play">https://www.gamblingcommission.gov.uk/about-us/guide/understanding-consumer-journeys-introducing-the-path-to-play</a> findings found special offers, unusually good odds and direct communications play a greater role for betting and online activities. 41% of moderate or high-risk participants are influenced to gamble more after receiving direct communication from gambling operators compared to 8% who saw or heard about an offer that was not directly communicated.

These proposals would prevent operators from direct marketing to customers about products they haven't opted-in to, referred to as 'cross selling'. Given the risk associated with gambling on multiple products is higher than for a single product, this is in line with our licensing objectives.

# **Channel options**

To ensure consistency for consumers and provide clarity for industry we are proposing that licensees make the following options available for consumers to opt-in to marketing, where they are relevant to the licensee:

- Email
- Text message / SMS
- Notification (Push notification / browser notification)
- Social media (direct messages)
- Post
- Phone call
- Any other direct communication method (WhatsApp, etc.)

# **Product options**

We are proposing licensees provide an option to opt-in to direct marketing for each product type they offer. We want to ensure the product types offered are consistent enough to be readily understood by consumers whilst minimising the burden on industry. We therefore propose the following 4 categories to cover all gambling:

- Betting
- Casino
- Bingo
- Lottery

For clarity, the betting option includes virtual betting, gambling on betting exchanges, betting on lottery products as well as all real event betting. Casino includes slots, live casino, poker and all casino games. Bingo includes only games offered in reliance on a bingo licence e.g., not casino products. Lottery covers any lottery product offered in reliance on a lottery licence.

We are aware that some non-remote sectors do not offer account-based play for gambling and that this presents challenges to how more detailed direct marketing preferences could be presented and updated by consumers. However, we are also aware that licensees in the land-based sector are already required to have processes in place to deal with data protection related requests as well as providing consumers the ability to opt-out of direct marketing. The consultation questions are seeking views on any challenges likely to be faced if the proposal is implemented.

# **Implementation**

Part of the rationale for proposing these new requirements is to ensure that existing customers are provided with the same opportunities to manage their gambling as new customers who are presented with options for marketing during the registration process.

Therefore, it doesn't make sense to propose these new requirements for only new customers without prompting existing customers that the functionality to opt in to offers on a product/channel basis had been added. Further, the proposed options would mean the granularity of any preference to receive offers has changed and would need to be reconfirmed in the new format.

We are proposing that, if introduced, licensees must direct customers to the webpage or area of the site/app where they can decide whether to opt in to offers or not at the first opportunity after implementation date, for example upon next login. By default, the options should be set to opt-out (not pre ticked). The marketing options must be updateable should customers' change their preference.

If this proposal becomes a requirement operators will be given time for implementation during which they will be able to invite customers to update their preferences in time for the go live date. As such, we expect minimal disruption for consumers.

# **Confirmation of preferences**

It was brought to our attention through a **behavioural risk audit** <a href="https://www.bi.team/wp-content/uploads/2022/07/Behavioural-Risk-Audit-of-Gambling-OperatorPlatforms-findings-report-July-2022.pdf">https://www.bi.team/wp-content/uploads/2022/07/Behavioural-Risk-Audit-of-Gambling-OperatorPlatforms-findings-report-July-2022.pdf</a> by the Behavioural Insights Team that at least one operator seeks confirmation when a customer opts-out of marketing, in a way which appears designed to introduce a fear of missing out on offers.

While seeking a confirmation could be useful to ensure preferences haven't been accidentally altered, any accompanying message shouldn't be aimed at discouraging the player's choice.

It is our view that operators that seek confirmation should do so in a manner which does not attempt to discourage a customer's decision.

Proposed new provision Our proposal is to introduce a new Social Responsibility Code, 5.1.12.	
 Pi	roposed new provision
	oplies to: All licences
	R Code - 5.1.12 - Direct marketing preferences
	Licensees must provide customers with options to opt-in to direct marketing on a per product and per channel basis. The options must cover all products and channels provided by the licensee and be set to opt-out by default. These options must be offered as part of the registration process and be updateable should customers' change their preference. This requirement applies to all new and existing customers.
2.	Channel options must include email, SMS, notification, social media (direct messages), post, phone call and a category for any other direct communication method, as applicable.
3.	Product options must include betting, casino, bingo, and lottery, as applicable. Operators must make clear to customers which products they offer are covered under relevant categories.
4.	Where an operator seeks an additional step for consumers to confirm their chosen marketing preferences, the structure and wording of that step must be presented in a manner which only asks for confirmation to progress those choices with one click to proceed. There must be no encouragement or option to change selection; only the option to accept or decline their selection.
5.	Customers must not receive direct marketing that contravenes their channel or product preferences.
	11 To what extent do you agree with the proposed new requirement relating to consumer choice and direct marketing?  Please select only one item  Strongly agree  Agree  Neither agree nor disagree

Disagree
Strongly disagree

12 Please give your reasons for your answer below.
13 To what extent do you agree with the proposed change that customers should be presented with options to opt-in to gambling marketing on a channel basis (email, SMS, notification, social media, post, phone call, any other direct communication method)?  Please select only one item
Strongly agree
Agree Neither agree nor disagree
Disagree
<ul><li>Strongly disagree</li><li>14 Please give your reasons for your answer below. Are there any</li></ul>
options that are missing?
15 To what extent do you agree that the category 'any other direct communication method' future proofs the provision?  Please select only one item
Strongly agree  Agree
Neither agree nor disagree
Disagree Strongly disagree
Strongly disagree
46. Places give your receeps for your engager helew
16 Please give your reasons for your answer below.

17 To what extent do you agree with the proposed change that customers should be presented with options to opt-in to gambling marketing on a product (e.g. betting, bingo, casino, lottery) basis?

00000	Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree
18	Please give your reasons for your answer below. Are there any options that are missing?
19	Do you have any comments about implementation issues, timelines and practicalities?
	Please provide an estimate of the direct costs associated with implementing these proposals, including any updates to your marketing approach?

# Equalities considerations (direct marketing)

The Commission is committed to giving consideration to potential equalities impacts, having regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

The Commission does not currently consider that the proposals in this section of the consultation give rise to known negative impacts in the context of the above objectives. This position will be kept under review. We would welcome views in relation to the same.

Relevant links

Equality Act 2010 <a href="https://www.legislation.gov.uk/ukpga/2010/15/contents">https://www.legislation.gov.uk/ukpga/2010/15/contents</a>.

21 Do you have any evidence or information which might assist the Commission in considering any equalities impacts, within the meaning of section 149 of the Equality Act 2010, in the context of any

proposal considered in this direct marketing section of the consultation?
Attaching additional information  If you have any further documents in support of your response to this section of the consultation on direct marketing, please use the 'choose file' button below.
22 Attaching additional information - you may attach additional information here relevant for our proposals on direct marketing if you wish.
Please attach a copy of any documents you wish to include to this printout.

#### Consultation section completed

23 You have now reached the end of this section of the consultation. Please select either to return to the consultation home page to respond to a different topic or if you have finished select 'finished'.

(Required)

Please select only one item

Consultations home page
Finished

# Strengthening age verification in premises

The government's white paper High stakes: gambling reform for the digital age

<a href="https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-thedigital-age">https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-thedigital-age</a>, sets out a clear expectation that the Gambling Commission will introduce consistency in test purchasing across the gambling sector and a better understanding of the risks of underage play in smaller premises and venues which are not directly supervised. This topic is in three parts:

- We are consulting on removing the current exemption from carrying out age verification
  test purchasing for category A and B licensees of the following types: betting, bingo, family
  entertainment centre and adult gaming centre.
- 2. We are consulting on changing the relevant ordinary code (good practice) elements of our licence conditions and codes of practice (LCCP) to say that licensees should have procedures that require their staff to check the age of any customer who appears to be under 25, rather than under 21.
- 3. We are seeking views on how licensees make sure they have effective age verification procedures where their premises may not be directly supervised.

# Summary of issue 1

Most non-remote licensees must carry out test purchasing to check that their procedures to prevent underage access are effective. Licensees in fee categories A and B for betting, adult gaming centre (AGC), family entertainment centre (FEC) and bingo are currently exempt from this requirement. We propose to amend the relevant sections of our LCCP to remove this exemption.

# Summary of issue 2

We consider it is good practice for non-remote licensees to have procedures that require their staff to check the age of any customer who appears to them to be under 21 (also known as 'Think 21'). This is set out in the relevant ordinary code provisions of the LCCP. We propose to amend these so that a licensee following good practice would check the age of any customer who appeared to be under 25.

# Summary of issue 3

Some licensees operate premises that may not be directly supervised, such as those in motorway service areas. The LCCP provisions apply in the same way to those premises as any other. We are seeking views on how these licensees make sure they have effective age verification procedures.

# Background

Most forms of gambling are illegal for under 18s. However, the rules around access (and how they are enforced) vary across land-based premises. For example, under 18s are not allowed inside casino, betting or AGC premises. Casinos must have a member of staff permanently on the door during opening hours to prevent underage access. Children are allowed inside licensed FEC and bingo premises, but they must be prevented from accessing adult-only areas.

Since 2015, we have required most non-remote licensees to undertake test purchasing to check that their procedures to prevent underage access are effective - this covers all casinos; plus betting premises, AGC, licensed FECs and bingo premises that are licence fee category C or higher. Smaller operators were, at the time, exempted from the requirement, although some do conduct test purchasing voluntarily or have it carried out on their behalf by a trade body.

When this measure was brought in, non-remote licence fees were based on numbers of premises. Setting the requirement at category C or above meant that licensees with up to 15 separate premises were not required to carry out test purchasing.

The results of licensees' testing are the main way we gauge the risk of underage gambling across different types of premises. The most recent comparative data we have on test purchasing performance of licensed gambling venues versus shops selling age-restricted products suggests that some gambling venues compare favourably with shops, with the following pass rates:

- Casino 98
- Betting 87
- Bingo 83 percent
- AGC 80 percent

The company Serve Legal provides testing services to licensees and other businesses providing age-controlled products and services. Its age verification test purchasing market data highlights testing pass rates in 2020 for the sale of alcohol at supermarkets and convenience stores of 79 percent and 81 percent respectively.

Our mandatory rules on preventing underage gambling, including test purchasing, are supported by the 'ordinary codes' on access to gambling by children and young persons. These codes set out our view of good practice and say, among other things, that all licensees should require their staff to check the age of any customer who appears to them to be under the age of 21, also known as 'Think 21'.

Alcohol licensed premises are automatically entitled to site certain types of gaming machines, but we do not directly regulate these. In its white paper, the government noted that test purchasing pass rates were very low for gambling in these premises and challenged them to improve age verification measures, including by obtaining commercial verification of increased pass rates. It will legislate to make provisions within our code of practice for alcohol licensed premises binding when Parliamentary time allows.

# Issue 1: Test purchasing & Issue 2: Think 21 vs Think 25

# **Issue 1: Test purchasing**

The test purchasing results for the gambling sector as a whole compare well with others, but the exemption for licensees in fee categories A and B means we have an incomplete picture of risk from underage gambling in those premises. While some would be covered by testing provided as part of membership of a trade body, this does not cover them all. As things stand, the test

purchasing requirements cover a minority of the total number of licensees but, due to the size of those licensees (for example, high street bookmaker chains), over 80 percent of premises are covered by compulsory testing.

Analysis of the test purchasing results data submitted by licensees for 2022-23 illustrates the 'gap' in this picture of risk. Collectively, fewer than a fifth of category A and fewer than half of category B licensees had submitted results to us by the requested deadline.

While there is a cost to testing, it is relatively low. Information we've seen suggests the cost of an individual test can be well under £50. The risks to children who play underage do not differ depending on the size of the licensee. We consider it is reasonable that licensees should see the cost of age testing as a cost of doing business in a sector where their product is age restricted. It is also in their own interests to make sure players are over 18 because it is a criminal offence if they permit someone underage to gamble, and in many cases, under 18s are not permitted to even enter the premises. Licensees are also required by law to return the stakes from any underage play.

We would use the testing data submitted by category A and B licensees to help assess whether they had effective policies and procedures to prevent underage gambling.

#### Issue 2: Think 21 vs Think 25

In 2015 (when we introduced the test purchasing requirement), we had also consulted on whether 'Think 25' should replace 'Think 21' as a standard within ordinary code provisions. At the time, we decided against making the change. However, we noted that: "... the retention of the 'Think 21' code at this juncture is dependent on the gambling industry continuing to deliver improvements in their ability to prevent access to gambling by children and young persons, in line with the Commission's strategic goal."

While the overall pass rates compare favourably with shops, we have some concerns with our data showing that in 18% of AGCs and 16% of bingo premises the tester was not challenged at all.

The government's white paper notes that some licensees have reported going beyond our view of good practice and have voluntarily introduced a 'Think 25' approach when it comes to staff deciding when to challenge a customer about their age. There have been calls from both industry and campaign groups to introduce 'Think 25' as standard for all gambling in premises. This position was shared by the Advisory Board for Safer Gambling in its 2018 report which pointed to findings from the retail alcohol industry that premises challenging those who appeared to be under 25 were more successful in preventing underage access than those who only challenged those who appeared to be under 21.

## Details of the proposals

As set out in the white paper, we propose the following changes to the relevant Social Responsibility (SR) codes and ordinary codes. We propose to change the following SR code provisions to remove the exemption from the test purchasing requirement:

- 3.2.3 (8) AGC SR code
- 3.2.5 (7) Bingo and FEC SR code
- 3.2.7 Betting SR code (text in the header regarding its application)

We also propose to delete the following ordinary code provisions to remove references that would become obsolete with the removal of the test purchasing exemption:

- 3.2.4 (5) AGC ordinary code
- 3.2.6 (6) Bingo and FEC ordinary code
- 3.2.8 Betting ordinary code (text in the header regarding its application)

We propose to change the following ordinary code provisions to reference a 'Think 25' approach rather than 'Think 21':

- 3.2.2 (4) Casinos ordinary code
- 3.2.4 (2) AGC ordinary code
- 3.2.6 (2) Bingo and FEC ordinary code
- 3.2.8 (2) Betting ordinary code

Our proposed changes to Social Responsibility and ordinary code provisions are shown below with additions underlined and deletions marked as a strikethrough:

\_\_\_\_\_

#### 3.2.2 Casinos ordinary code

4. Licensees should put into effect procedures that require their staff to check the age of any customer who appears to them to be under <u>2125</u>.

#### 3.2.3 AGC SR code

8. <u>All</u> licensees in fee category C or higher must conduct test purchasing or take part in collective test purchasing programmes, as a means of providing reasonable assurance that they have effective policies and procedures to prevent underage gambling, and must provide their test purchase results to the Commission, in such a form or manner as the Commission may from time to time specify.

#### 3.2.4 AGC ordinary code

2. Licensees should put into effect procedures that require their staff to check the age of any customer who appears to them to be under <u>2125</u>.

5. Licensees in fee categories A or B should consider how they monitor the effectiveness of their policies and procedures for preventing underage gambling (for example by taking partin a collective test purchasing programme) and should be able to explain to the Commission or licensing authority what approach they have adopted.

#### 3.2.5 Bingo and FEC SR code

7. <u>All</u> licensees in fee category C or higher must conduct test purchasing or take part in collective test purchasing programmes, as a means of providing reasonable assurance that they have effective policies and procedures to prevent underage gambling, and must provide their test purchase results to the Commission, in such a form or manner as the Commission may from time to time specify.

#### 3.2.6 Bingo and FEC ordinary code

- 2. Licensees should require a person who appears to relevant staff to be under the age of 2425 to be asked to produce proof of age, either at the point of entry to the gambling area or as soon as it comes to the attention of staff that they wish to access gambling facilities.
- 6. Licensees in fee categories A or B should consider how they monitor the effectiveness of their policies and procedures for preventing underage gambling (for example by taking partin a collective test purchasing programme) and should be able to explain to the Commission or licensing authority what approach they have adopted.

#### 3.2.7 Betting SR code

Applies to:

Paragraphs 1, 2 and 4-7: all non-remote betting and remote betting intermediary (trading rooms only) licences Paragraph 3: all non-remote betting licences (except general betting (limited) licences) and remote betting intermediary (trading rooms only) licences Paragraph 8: non-remote pool betting licences Paragraph 9: <u>all</u> non-remote general betting (standard) licences in fee category C or above

#### 3.2.8 Betting ordinary code

Applies to:

Paragraphs 1 to 5 inclusive: all non-remote betting and remote betting intermediary (trading rooms only) licences Paragraph 6: <u>all</u> non-remote betting (<u>limited</u>) licences (<u>except non-remote general betting (standard) licences in fee category C or above</u>) and remote betting intermediary (trading rooms only) licences

2. Licensees should put into effect procedures that require their staff to check the age of any customer who appears to them to be under 2125.
Changes to associated guidance
Subject to the outcome of this consultation, we will make changes to the following guidance documents so they are consistent with the amended LCCP provisions:
Other information requirements (test purchase results) (gamblingcommission.gov.uk) <a href="https://www.gamblingcommission.gov.uk/guidance/lccp-Informationrequirements/guidance-to-operators-on-display-of-licensed-status-other-information-requirements-test-purchase-results">https://www.gamblingcommission.gov.uk/guidance/lccp-Informationrequirements/guidance-to-operators-on-display-of-licensed-status-other-information-requirements-test-purchase-results&gt;</a>
Guidance to operators for age verification test purchasing (non-remote) (gamblingcommission.gov.uk) <a href="https://www.gamblingcommission.gov.uk/guidance/guidance-to-operators-for-age-verification-test">https://www.gamblingcommission.gov.uk/guidance/guidance-to-operators-for-age-verification-test</a>
purchasing-non-remote>
24 To what extent do you agree with the proposed change to remove the exemption from age verification test purchasing for category A and B betting, bingo, AGC and FEC licensees?  Please select only one item  Strongly agree  Agree  Neither agree nor disagree  Disagree  Strongly disagree
26 To what extent do you agree with the proposed ordinary code change that licensees adopt a 'Think 25', rather than a 'Think 21' approach to age verification?  Please select only one item  Strongly agree  Agree  Neither agree nor disagree
Disagree Strongly disagree

27	Please give your reasons for your answer below.
28	Do you have any comments about implementation issues, timelines and practicalities?
29	Please provide an estimate of the direct costs associated with
Fre	implementing these proposals. e text box to provide estimate of direct costs
ackslash	

# Issue 3: Seeking views on supervision of gambling premises

Our LCCP requires licensees to have and put into effect policies and procedures designed to prevent underage gambling, and monitor the effectiveness of these. In particular, this includes procedures for:

- a. Checking the age of apparently underage customers
- b. Removing anyone who appears to be under age and cannot produce an acceptable form of identification
- c. Taking action where there are attempts by under 18s to enter the premises. (These are the requirements for non-remote AGC licensees, but there are similar,

equivalent requirements for betting, bingo and FEC licensees.) Their policies and

procedures must take account of the structure and layout of their gambling premises.

These requirements, and other relevant provisions of the LCCP, apply regardless of where the premises are situated. The government's white paper said we would explore through consultation the evidence around premises where there is not normally direct staff supervision, such as AGCs in service stations. Under 18s are not allowed to enter AGC premises.

AGCs of any type can currently offer an unlimited number of category C and D gaming machines and up to 20 per cent of the total number of machines can be of category B3 and B4. Category B3

stake of £2.
We are seeking views on how licensees make sure they have effective age verification procedures where their premises may not be directly supervised.
30 Considering particularly premises that do not have direct staff supervision, please provide any views, along with supporting evidence, on the controls deployed by licensees (and their effectiveness) to meet our requirements on the prevention of underage gambling.  Free text box to provide evidence on controls to prevent underage gambling in unsupervised premises
Equalities considerations (age verification in premises) The Commission is committed to giving consideration to potential equalities impacts, having regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
The Commission does not currently consider that the proposals set out in issues 1 and 2 of this section of the consultation give rise to known negative impacts in the context of the above objectives. This position will be kept under review. We would welcome views in relation to the same.
Relevant links  Equality Act 2010 <a href="https://www.legislation.gov.uk/ukpga/2010/15/contents">https://www.legislation.gov.uk/ukpga/2010/15/contents</a>
31 Do you have any evidence or information which might assist the Commission in considering any equalities impacts, within the meaning of section 149 of the Equality Act 2010, in the context of any proposal considered in this section of the consultation?

and B4 machines can offer maximum prizes of £500 and £400, respectively, each with a maximum

## Attaching additional information

If you have any further documents in support of your response to this section of the consultation on age verification in landbased premises, please use the 'choose file' button below.

32 Attaching additional information

#### Consultation section completed

<b>33</b> You have now reached the end of this section of the consultation. Please select either to return to the consultation home page to respond to a different topic or if you have finished select 'finished'.
(Required) Please select only one item
Consultations home page
Finished

# Remote game design

The government's white paper **High stakes: gambling reform for the digital age**<a href="https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-thedigital-age">https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-thedigital-age</a>, sets out a clear expectation that "the Gambling Commission will review and consult on updating design rules for online products, building on its recent work on online slots to consider features like speed of play, illusion of player control and other intensifying features which can exacerbate risk. Products which are safer by design will help prevent harm at source."

#### As stated in our Advice to Government

<https://assets.ctfassets.net/j16ev64qyf6l/6ZYFtWrK3D7XhxbtcK9KFB/2c967fe64289d8313646fc48 d6271b8e/Gambling\_Commission\_full\_advice\_to\_Government\_Review at paragraph 1.49 and in Annex B, there are a range of evidence sources summarised alongside each proposal that justify extending the game design measures that were introduced for slots products to other gambling products. Since the Advice was published, we have published our assessment of the earlier game design changes <a href="https://www.gamblingcommission.gov.uk/news/article/assessment-of-online-games-design-changes">https://www.gamblingcommission.gov.uk/news/article/assessment-of-online-games-design-changes</a> and obtained a sample of data from licensees to enhance our understanding of the prevalence of these characteristics and our knowledge of play behaviour for roulette, blackjack and other casino games.

# Summary of proposals

The intention of these proposals is to make online products safer and to increase consumer understanding about game play by reducing the speed and intensity of those products. The proposals are targeted at features which can lead to negative effects on consumers, such as excessive gambling, without impacting on the majority of play. By targeting our intervention at the fastest products and proposing to remove features which can negatively impact player behaviour we are seeking to reduce the harm experienced by consumers who are gambling particularly quickly or intensely or that make high use of features which may mislead consumers or create dissociation from awareness of play. These proposals are designed to extend the safer game design requirements previously introduced for online slots to other forms of online gambling.

We propose a series of changes to existing Remote gambling and software technical standards and new requirements in order to deliver these aims.

# Background

Following the industry challenge set by the Commission in October 2019, two groups chaired by Scientific Games and Playtech considered different ideas around online and land-based game design and then brought those together in a **game design code** 

<a href="https://bettingandgamingcouncil.com/members/codes-of-conduct">https://bettingandgamingcouncil.com/members/codes-of-conduct</a>. As a result of the Covid-19 outbreak the work focused on online products.

The Commission considered that the proposals did not go far enough and consulted on changes to slots game design and a ban on reverse withdrawals (which applied at a system level and therefore to all products) between 9 July 2020 to 3 September 2020.

We initially prioritised slots game design because it is the largest online gambling product by Gross Gambling Yield (GGY) - played by relatively few but with a high average spend. Structurally it had several features which could combine to significantly increase intensity of play.

#### According to our most recent industry statistics

<a href="https://www.gamblingcommission.gov.uk/statistics-and-research/publication/industry-statistics-november-2022">https://www.gamblingcommission.gov.uk/statistics-and-research/publication/industry-statistics-november-2022</a>, slots accounts for around 77% of casino GGY. This is followed by roulette at around 12%, blackjack at 4%, peer-to-peer poker at 2% and the 'other' category which accounts for about 5%.

The Commission **published its response** <a href="https://www.gamblingcommission.gov.uk/consultation-response/online-games-design-and-reverse-withdrawals/summary-ofresponses-introducing-speed-of-play-limits">https://www.gamblingcommission.gov.uk/consultation-response/online-games-design-and-reverse-withdrawals/summary-ofresponses-introducing-speed-of-play-limits</a> in February 2021. This confirmed the removal of reverse withdrawals (account level requirement). The following requirements were introduced for slots only:

- A ban on features which permit a customer to reduce the time until the result is displayed (ban on quick spin, turbo etc.).
- Prohibition of operator-led functionality to play multiple slots.
- Introduction of a 2.5 second minimum spin speed.
- Prohibition of celebrating wins less than or equal to stake.
- A customer's net position to be displayed while playing slots.
- A customer's elapsed time to be displayed while playing slots.
- A ban on autoplay.

## As detailed in our assessment of the slots changes

<a href="https://www.gamblingcommission.gov.uk/news/article/assessment-of-online-games-design-changes">https://www.gamblingcommission.gov.uk/news/article/assessment-of-online-games-design-changes</a>, the evidence shows a reduction in intensity for slots products without observed negative consequences.

We stated in our consultation and responses document that proposals on the design of slots games are just one step in reducing the risk of harm. We are now in a position to make proposals for other online products.

The **government's white paper** <a href="https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-the-digital-age">https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-the-digital-age</a> sets out their view that "the evidence does not currently support stake limits on non-slot gaming or betting products... stake size can have a more direct functional role in non-slot gameplay compared to slots, for instance in roulette where a higher stakes bet can be divided between different areas, modifying the rate of return to the player and the risk of losses". This consultation focuses on game features which are likely increase the intensity of

gambling for at least some customers, such as the speed of play and functionality which facilitates simultaneous gambling.						

# Proposal 1: player-led "spin stop" features

In our consultation on slots products we implemented a prohibition on features which can contribute to greater intensity of gameplay, such as features that reduce the amount of time a consumer has to wait until a result is displayed, usually by reducing or removing altogether the reel spin animation.

These can be known as 'turbo' or

'boost' buttons and were identified as a specific risk through our interactions with **the predecessor to our Lived Experience Advisory Panel** 

<a href="https://www.gamblingcommission.gov.uk/public-and-players/guide/page/experts-by-experience-interim-group-created">https://www.gamblingcommission.gov.uk/public-and-players/guide/page/experts-by-experience-interim-group-created</a> as part of the Challenge stakeholder engagement.

We know that these features are less prevalent on non-slots than slots products, however they do exist and can be found on variants that often advertise speed as part of the game name, indicating faster gameplay.

These features have the potential to:

- Deliberately speed up play
- Provide consumers with an artificial illusion of control
- Encourage dissociation from playing the game itself.

A sample of data collected from licensees (referenced under Proposal 2) shows that the average speed of non-slots games is generally slower than slots. However, there are instances where some variants can play faster. Such 'spin stop' features are only prevalent in virtual versions of games.

Our **market impact data** <a href="https://www.gamblingcommission.gov.uk/news/industry">https://www.gamblingcommission.gov.uk/news/industry</a> shows that the average stake on casino games is higher than it is on slots (~£4.75 vs ~£0.62), although the average monthly amount wagered is higher for slots, at around £1080 compared with around £700 for casino games. As noted in the **Patterns of Play research** <a href="https://natcen.ac.uk/publications/patterns-play">https://natcen.ac.uk/publications/patterns-play</a>, accounts gambling on casino games had the highest loss per minute all products - "On average, players lost £1.12 per minute playing casino games, slots players 31.8 pence per minute, poker players 18.9 pence per minute and bingo players only 7.2 pence per minute".

Given the risk associated with such features and that virtual casino games play faster than their online live dealer or mechanical alternatives, we propose widening the RTS prohibition on features designed to reduce the time for the result to be known (quick spin, turbo) to all online gambling products.

Current requirement

**Applies to: Slots** 

#### **RTS requirement 14E**

The gambling system must not permit a customer to reduce the time until the result is presented.

#### RTS implementation guidance 14E

- a. Features such as turbo, quick spin and slam stop are not permitted. This is not intended to be an exhaustive list but to illustrate the types of features the requirement is referring to.
- b. This applies to all remote slots, regardless of game cycle speed.
- c. This requirement does not apply to bonus/feature games where an additional stake is not wagered.

Our p	oosed updated requirement proposed changes to the RTS are shown below with additions underlined and deletions marked strikethrough.
Prop	osed updated provision
Appl	ies to: <del>slots</del> <u>All gambling</u>
RTS	requirement 14E
The g	gambling system must not permit a customer to reduce the time until the result is presented.
RTS	implementation guidance 14E
	Features such as turbo, quick spin and slam stop are not permitted. This is not intended to be chaustive list but to illustrate the types of features the requirement is referring to.
	This applies to all remote <del>slots</del> games, regardless of game cycle speed.  This requirement does not apply to bonus/feature games where an additional stake is not ered.
Pleas	To what extent do you agree with the proposed change to prohibit features designed to speed up the result?  se select only one item  Strongly agree  Agree  Neither agree nor disagree  Disagree  Strongly disagree  Please give your reasons for your answer below.

**36** Do you have any comments about implementation issues, timelines and practicalities?

1						
<b>37</b> Please pro	ovide an estimate	of the direct cos	sts associated w	vith		
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# Proposal 2: speed of play

As noted in our previous consultation on slots game design, research indicates that faster game cycle speed is associated with increased risks to the consumer <a href="https://eprints.lincoln.ac.uk/id/eprint/26363/">https://eprints.lincoln.ac.uk/id/eprint/26363/</a> :

"Frequency of opportunities to bet appears to be a more important risk factor for problem gambling than the number of different gambling activities one participates in... Problem gamblers are more likely to be attracted to activities with high event frequency as they present more opportunities to receive reward".

Faster products not only present more opportunities to wager in a set space of time, they also reduce the thinking time for consumers.

Following our consultation and responses we implemented a minimum speed of 2.5 seconds for slots products. The impact of this minimum speed was considered along with the other changes in our assessment which was published in June 2023

<a href="https://www.gamblingcommission.gov.uk/news/article/assessment-of-online-gamesdesign-changes">https://www.gamblingcommission.gov.uk/news/article/assessment-of-online-gamesdesign-changes</a>. The assessment found some evidence of reduced intensity without causing unintended consequences to the games.

We have therefore considered the game speed of non-slots casino products and whether the introduction of a minimum speed would be effective at reducing intensity and not lead to unintended consequences. We were also mindful that the lack of minimum speed for non-slots games means there is a potential for some titles to play faster than slots.

# Data collection on non-slots casino products

As part of our considerations, we collected a sample of industry data on online roulette, blackjack and 'other' games which included virtual, mechanical and 'live' versions which are dealt by a croupier similar to land-based games.

The data highlighted that in the majority of games in the sample the minimum game speed is slower than the 2.5 seconds minimum that applies to slots. One variant of roulette out of 35 examined reported a minimum of 2.39 seconds with an average speed of 8.75 seconds. Blackjack had a reported minimum speed of 3 seconds. For 'other' games, 3 out of 26 had a minimum speed below 2.5 seconds.

It is important to note that minimum possible speed for these games does not represent the actual speed which would be sustained by a customer, as it does not take into account time spent placing bets or making decisions. The sample of data we collected indicated that virtual roulette has an average spin speed of around 12 seconds and blackjack around 15 seconds. This compares with between 45 and 75 seconds for online mechanical or live dealer roulette and around 70 seconds for live blackjack.

Other casino products had an average speed between 4 and 30 seconds, indicating the high variance within this product subset. This category includes a wide range of game types from Baccarat and bingo-themed casino games to games based on TV shows.

Table 1 below sets out the number of games titles found to have a lower minimum speed than 2.5 or 5 seconds. Further details of the sample data collected can be found under *Related information*.

Table 1. Number of games found to have lower minimum speed than 2.5 or 5 seconds

Game type	Min. speed below 2.5 seconds	Min. speed below 5 seconds
Roulette	1 of 34	5 of 34
Blackjack	0 of 25	5 of 25
Other	4 of 26	5 of 26

# **Consideration of the proposal**

In developing our proposals we decided against consulting on applying the 2.5 second minimum game speed for slots to non-slots casino games. Widening the 2.5 second minimum spin speed to all products would address the issue of what appears to be a small minority of products playing faster than slots, but would not reduce the intensity of these products overall – as the data shows only 5 out of 85 games sampled had a minimum speed quicker than 2.5 seconds. It may lead to the unintended consequence of increasing average casino game speed as licensees adapt and develop new titles.

However, any game speed deemed too slow could lead to frustration from consumers and/or displacement to other products. This is especially true for remote gambling which is often played on mobile devices by customers who are used to consuming products and services faster due to the delivery of the internet. Remote games are played predominantly via mobile followed by laptop, desktop and tablets.

In considering the proposal we also decided against introducing minimum speeds on a product-by-product basis. Currently, only slots is defined in the RTS and well known products such as roulette and blackjack are not. A proposal that introduces speeds on a product basis would also require a clear regulatory definition of products, or groups of products (such as the categories reported in regulatory returns and industry statistics) which may be open to interpretation. Since the previous slots changes, we have been made aware of at least one licensee attempt to recategorize long standing slots titles as a product other than slots. This highlights one of the concerns we have about introducing any new definitions.

Poker tournaments generally last much longer than other game cycles. Play on cash tables starts when there are at least 2 players and run indefinitely so have a very different 'game cycle' pattern. As such we do not consider peer to peer poker is in scope for consideration of speed of play.

The government's white paper also drew out a specific concern around faster variants of roulette, "Of particular concern, we have heard that some operators offer 'fast roulette' with very rapid spin speeds (comparable to slots) which increases the frequency of betting and therefore the intensity of the gambling experience."

For the reasons outlined above, we are proposing a minimum spin speed for casino games (excluding slots and poker) of 5 seconds to reduce the risk and intensity of non-slots casino titles, particularly those games that currently play faster than slots.

It is important to note that the 5 second minimum is not deemed to be 'safe' or risk free, however if implemented it would ensure the fastest non-slots casino games play at least twice as slow as slots. We know it will have a targeted impact on the fastest versions of non-slots games (15/85 from our sample), reducing their speed and intensity for customers that seek out the fastest gameplay. We also know this proposal would have no impact on the play experience of those customers that are already playing these games slower than the proposed minimum speed.

The proposal would also ensure that developers are aware of the minimum expectations going forward and do not introduce faster casino games, either in response to the Commission proposing to remove features that speed up play or otherwise, and we would not expect game developers to take this as an opportunity to increase the speed of any game that plays above the proposed minimum.

New requirement
We propose to add a <u>new section 14G</u> to RTS 14 Responsible product design.
Proposed new requirement

Applies to: In respect of requirement 14G - all casino games (excluding peer-to-peer poker and Slots)

## **RTS requirement 14G**

It must be a minimum of 5 seconds from the time a game is started until the next game cycle can be commenced. It must always be necessary to release and then depress the 'start button' or take equivalent action to commence a game cycle.

## RTS implementation guidance 14G

A game cycle starts when a player depresses the 'start button' or takes equivalent action to initiate the game and ends when all money or money's worth staked or won during the game has been either lost or delivered to, or made available for collection by the player and the start button or equivalent becomes available to initiate the next game.

41	Please provide an estimate of the direct costs associated with implementing this proposal.
42	Are there games that should be made slower than 5 seconds?

# Proposal 3: autoplay

products at the same time.

Auto-play is also often cited in research as a potential contributing factor to gambling related harms, not only because it removes an element of decision making (therefore reduces friction) and time to reflect on the outcome; but because it can act to increase the speed of play and can contribute to creating a dissociative state.

### A review by Parke, Parke & Blaszczynski

<a href="https://www.researchgate.net/publication/311497416\_Key\_Issues\_in\_Product\_Based\_Harm\_Minimisation\_Examining\_theory\_evidence\_and\_policy\_issues\_relevant\_in\_G">https://www.researchgate.net/publication/311497416\_Key\_Issues\_in\_Product\_Based\_Harm\_Minimisation\_Examining\_theory\_evidence\_and\_policy\_issues\_relevant\_in\_G</a> (2016) found that "there is a strong theoretical foundation to consider automatic play as a risk factor for gambling-related harm", and that "evidence indicates that even a relatively brief break in play may reduce gambling persistence in the face of repeated losses".

In our previous work we prohibited auto-play for online slots, which is the product most heavily associated with auto-play functionality. This research into the risks posed by auto-play was supported by feedback from our interim Experts by Experience (EbE) group and by data provided by **GamCare** <a href="https://www.gamcare.org.uk/">https://www.gamcare.org.uk/</a>> from its online support forum for service users.

We know from industry data that autoplay is less used for non-slots products, but the feature still has the potential to speed up play and remove important opportunities for thought and reflection from customers.

The additional research we conducted into autoplay following our previous consultation <a href="https://www.gamblingcommission.gov.uk/consultation-response/onlinegames-design-and-reverse-withdrawals/summary-of-responses-prohibiting-auto-play-functionality-for-online-slots">https://www.gamblingcommission.gov.uk/consultation-response/onlinegames-design-and-reverse-withdrawals/summary-of-responses-prohibiting-auto-play-functionality-for-online-slots</a> highlighted that customers may lose track of time while using the feature or that it made it harder to stop gambling. Customers also reported that autoplay was used to facilitate gambling on multiple

While the focus of the research was on slots, the issues raised with autoplay appear relevant for any online gambling that offers the feature.

We propose extending the prohibition of autoplay that currently applies to slots to all online products. This proposal complements the proposal on prohibiting operator-led functionality to play multiple games. The proposal is to replace all the text of the current RTS 8 text with the new version.

In response to our consultation on slots products a small number of respondents raised concerns relating to consumers with disabilities or other physical conditions for whom access to play might be affected by the proposal to remove autoplay.

In our response, we recognised that while our proposals may provide a challenge for those players, they are also likely to be exposed to the risks associated with auto-play identified previously, and we proceeded with the change. We are inviting further views and evidence on this as part of this consultation.

# Current requirement

### RTS 8 - Auto-play

#### functionality Applies

to:

In respect of requirement RTS 8A and 8B – Gaming (except slots)

In respect of requirement RTS 8C - Slots

#### RTS aim 8

To ensure that the customer is still in control of the gambling where auto-play functionality is provided and to minimise the risk that the functionality disadvantages a customer or that auto-play or other strategy advice is misleading.

#### **RTS** requirement 8A

The gambling system must provide easily accessible facilities that:

- a. make available the following three controls, each of which stops auto-play functionality when it is triggered:
- i. 'loss limit', ie where the player selects an option to not lose more than X from their starting balance, where X is an amount that can be selected by the player. A 'loss' in this context equates to accumulated auto-play bets minus accumulated auto-play wins.
- ii. 'single win limit' ie single win greater than Y where Y is an amount that can be selected by the player, and
- iii. 'jackpot win' (where applicable).
- b. require auto-play to be implemented in such a way that each time a customer chooses to use autoplay they must select the stake, the number of autoplay gambles and at least the first of the above three controls.

The number of autoplay gambles must not exceed 100 in one batch. During auto-play the customer must be able to stop the autoplay regardless of how many autoplay gambles they initially chose or how many remain.

#### RTS implementation guidance 8A

a. Auto-play should not override any of the display requirements (for example, the result of each gamble must be displayed for a reasonable length of time before the next gamble commences, as set out in RTS 7E) <a href="https://www.gamblingcommission.gov.uk/standards/remote-gambling-and-software-technical-standards/rts-7-generation-ofrandom-outcomes#rts-requirement-7e">https://www.gamblingcommission.gov.uk/standards/remote-gambling-and-software-technical-standards/rts-7-generation-ofrandom-outcomes#rts-requirement-7e</a>.

#### RTS requirement 8B

In relation to skill and chance games, strategy advice and auto-play functionality must be fair, not misleading and must not represent a poor choice.

## RTS implementation guidance 8B

In implementing this control, the following should be considered, where appropriate:

- i. if there is a standard strategy, for example, for well-known games like blackjack, the standard strategy should be used.
- ii. strategies or auto-play should (theoretically) produce at least the average Return to Player (RTP) for the game over time.

## **RTS requirement 8C**

The gambling system must require a customer to commit to each game cycle individually. Providing auto-play for slots is not permitted.

New RTS requirement 8 – Auto-play functionality	
he proposal is to <b>replace all current RTS 8 text</b> with the below new requirement.	
Proposed new provision	
Applies to: All gaming	
RTS aim 8	
o make clear that auto-play cannot be offered for online gambling.	
RTS requirement 8A	
he gambling system must require a customer to commit to each game cycle individually.	
43 To what extent do you agree with the proposal to prohibit autoplay for all online products?  Please select only one item  Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree	

and practicalities?	
46 Please provide an estimate of the direct costs associated with	
implementing this proposal.	

# Proposal 4: effects that give the illusion of "false wins"

45 Do you have any comments about implementation issues, timelines

Following our previous game design work, we introduced a requirement that slots games must not celebrate a return which is less than or equal to the total stake gambled.

This was introduced to due to the risk associated with losses disguised as wins (LDWs) found in research, including Sharman et al 2015 - **Dual effects of 'losses disguised as wins' and nearmisses in a slot machine game** 

<a href="https://www.researchgate.net/publication/277595300\_Dual\_effects\_of\_%27losses\_disguised\_as\_wins%27\_and\_near-misses\_in\_a\_slot\_machine\_game">https://www.researchgate.net/publication/277595300\_Dual\_effects\_of\_%27losses\_disguised\_as\_wins%27\_and\_near-misses\_in\_a\_slot\_machine\_game</a> found that LDWs increased the enjoyment of the non-win game outcome with participants experiencing elevated electrochemical or "valence" responses.

The average speed of non-slots products is higher than slots which means any LDWs are seen less often than in slots. However, the current difference between the speed of virtual casino games and slots is not so dissimilar that the risk of positive reinforcement of losses is zero, and customers may be misled into thinking their losses are lower than they are or are encouraged to feel more positively about losing than they otherwise would.

We are proposing to extend the prohibition of celebrating wins less than or equal to stake to all casino products. For this proposal the text of the current requirement wouldn't change but the applicability of the provision detailed at the top of the page would be amended from 'slots' to 'all casino'.

Current requirement

Applies to: slots

#### RTS requirement 14F

The gambling system must not celebrate a return which is less than or equal to the total stake gambled.

#### RTS implementation guidance 14F

- a. By 'celebrate' we mean the use of auditory or visual effects that are associated with a win are not permitted for returns which are less than or equal to last total amount staked.
- b. The following items provide guidelines for reasonable steps to inform the customer of the result of their game cycle: i. Display of total amount awarded.
- Winning lines displayed for a short period of time that will be considered sufficient to inform the customer of the result. This implementation should not override any of the display requirements (as set out in RTS 7E). <a href="https://www.gamblingcommission.gov.uk/standards/remote-gambling-and-software-technical-standards/rts-7-generation-ofrandom-outcomes#rts-requirement-7e">https://www.gamblingcommission.gov.uk/standards/remote-gambling-and-software-technical-standards/rts-7-generation-ofrandom-outcomes#rts-requirement-7e</a>
- iii. Brief sound to indicate the result of the game and transfer to player balance. The sound should be distinguishable to that utilised with a win above total stake.

# New requirement

Our proposed changes to the RTS are shown below with additions underlined and deletions marked as a strikethrough.

\_\_\_\_\_\_

Proposed changes to provision

Applies to: Slots all casino games

## RTS requirement 14F

The gambling system must not celebrate a return which is less than or equal to the total stake gambled.

#### RTS implementation guidance 14F

- a. By 'celebrate' we mean the use of auditory or visual effects that are associated with a win are not permitted for returns which are less than or equal to last total amount staked.
- b. The following items provide guidelines for reasonable steps to inform the customer of the result of their game cycle: i. Display of total amount awarded.
- Winning lines displayed for a short period of time that will be considered sufficient to inform the customer of the result. This implementation should not override any of the display requirements (as set out in RTS 7E). <a href="https://www.gamblingcommission.gov.uk/standards/remote-gambling-and-software-technical-standards/rts-7-generation-ofrandom-outcomes#rts-requirement-7e">https://www.gamblingcommission.gov.uk/standards/remote-gambling-and-software-technical-standards/rts-7-generation-ofrandom-outcomes#rts-requirement-7e></a>
- iii. Brief sound to indicate the result of the game and transfer to player balance. The sound should be distinguishable to that utilised with a win above total stake.

00000	Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree
48 F	Please give reasons for your answer below
49	Do you have any comments about implementation issues, timelines and practicalities?
<b>50</b>	Please provide an estimate of the direct costs associated with implementing this proposal.

# Proposal 5: operator-led simultaneous products

In our previous review of slots game design, we consulted on prohibiting customers from playing multiple slots games at once. Due to the technological challenges faced in preventing this in all cases we implemented a requirement that prohibited operators from offering technology designed to enable the playing of multiple slots games at the same time.

We know from the **health survey** <a href="https://www.gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gamblingcommission.gov.uk/news/article/gam

<a href="https://natcen.ac.uk/publications/patterns-play">https://natcen.ac.uk/publications/patterns-play</a> . 'Dual' customers lost an average of £600 in a year compared to roughly £300 for gaming-only and £135 for betting only.

Gambling on multiple products at once can lead to reduced thinking time and increase risks for the customer. Providing functionality designed to increase the opportunities for a customer to gamble simultaneously is unlikely to lead to positive outcomes for consumers and is not aligned with our aim of making products safer.

In peer-to-peer poker it is commonplace for seasoned players to be seated at more than one table, and the structure of the game means customers do not have to wager every hand to be a participant, unlike casino games. In bingo it is also common for customers to play multiple cards/entries.

The above activities are example of multiple wagers within a product type rather than gambling on two or more products at the same time. This does not present the risk of a customer being 'upsold', or 'cross sold' to a higher risk product such as in the example of house games being offered to a poker player, and in the case of bingo it requires no further concentration from the customer.

The Commission is aware that some operators offer the functionality to gamble on multiple products at the same time, for example offering roulette or blackjack which can be launched directly from the layout to customers who are playing peer-to-peer poker.

We are proposing to widen the restriction on operator-led functionality to play multiple simultaneous games to all gaming (including bingo) and betting on virtual events.

For clarity, if this proposed requirement is implemented, it means operators could not offer functionality designed to play multiple versions of a game at the same time, for example two roulette tables. It would also prohibit the offering of functionality designed to play multiple games of different types of the same time, for example roulette while playing poker. It does not prohibit customers from purchasing multiple bingo entries or poker players from multi-tabling.

### Current requirement

**Applies to: Slots** 

#### RTS requirement 14C

The gambling system must not offer functionality which facilitates playing multiple slots games at the same time.

#### RTS implementation guidance 14C

- a. Operators are not permitted to offer functionality designed to allow players to play multiple slots at the same time. This includes, but is not limited to, split screen or multiscreen functionality.
- b. Combining multiple slots titles in a way which facilitates simultaneous play is not permitted.

# New requirement

Our proposed changes to the RTS are shown below with additions underlined and deletions marked as a strikethrough.
Proposed changes to provision
Applies to: slots Gaming (including bingo) and betting on virtual events
RTS requirement 14C
The gambling system must not offer functionality which facilitates playing multiple <del>slots</del> games <u>or products</u> at the same time.
RTS implementation guidance 14C
Operators are not permitted to offer functionality designed to allow players to play multiple slots games at the same time. This includes, but is not limited to, split screen or multi-screen functionality. Combining multiple slots games titles in a way which facilitates simultaneous play is not permitted. This does not prevent multi tabling in peer-to-peer poker or multiple entries to bingo games.
51 To what extent do you agree with extending the proposal to prohibit operator-led functionality which enables playing multiple simultaneous games to all gaming products?  Please select only one item  Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree  52 Please give reasons for your answer below  53 Do you have any comments about implementation issues, timelines and practicalities?

a.

b. c.

54	Please provide an estimate of the direct costs associated with implementing this proposal.
55	Are there other games that should be exempted from proposal 5?
	7 to the cutor games that should be exempted from proposal o:

# Proposal 6: display of net position and time spent

Following our previous consultation, we introduced a requirement that elapsed time and net spend should be displayed for slots products. The need to empower consumers by having information upfront was identified during the responsible game design challenge but also within the **National Strategy to Reduce Gambling Harms** <a href="https://www.gamblingcommission.gov.uk/about-us/reducing-gambling-harms">https://www.gamblingcommission.gov.uk/about-us/reducing-gambling-harms</a> . However, we are mindful that too much information may not be useful and may be overlooked by consumers. However, net time and spend elapsed is simple to understand and will fit onto the screen of a restricted display device.

Operators are required (RTS 1C) to provide customers with net deposit information at an account level. However, given the high loss rate associated with casino products identified in the **Patterns of Play research** <a href="https://natcen.ac.uk/publications/patterns-play">https://natcen.ac.uk/publications/patterns-play</a> and the propensity to binge highlighted by our **why people gamble work** <a href="https://www.gamblingcommission.gov.uk/statistics-and-research/publication/understanding-why-people-gamble-and-typologies">https://www.gamblingcommission.gov.uk/statistics-and-research/publication/understanding-why-people-gamble-and-typologies</a>, it seems appropriate to propose extending this provision to other casino products to assist customers in making more informed choices about their gambling.

The Patterns of Play research identified poker as a lower cost activity over time compared to slots and casino products. Poker had a loss rate estimated to cost a customer around 18.9 pence per minute which is around 40% lower than slots and 83% lower than casino games. We are aware that poker can feature long session times, particularly tournament play and that the time spent gambling is a factor in the risk of a product. However, poker does not require a customer to be staking every hand to be a participant unlike other casino games. We are mindful of imposing unnecessary regulatory burden which is why we are not proposing to include peer-to-peer poker in scope for this provision. It wouldn't make sense to track and display net spent in a freezeout style tournament where a customer's only wager is the initial buy-in.

We are proposing to extend the requirements to display net time and spend to other casino products (excluding peer to peer poker). The text of the requirements is not proposed to be amended but the

applicability at the top of the section would be updated from slots to casino (excluding peer to peer poker).

# Current requirements

### Applies to: slots

### **RTS requirement 2E**

All gaming sessions must clearly display a customer's net position, in the currency of their account or product (for example, pounds sterling, dollar, Euro) since the session started.

### RTS Implementation guidance 2E

Net position is defined as the total of all winnings minus the sum of all losses since the start of the session.

#### RTS requirement 13C

The elapsed time should be displayed for the duration of the gaming session.

#### RTS implementation guidance 13C

- a. Time displayed should begin either when the game is opened or once play commences.
- b. Elapsed time should be displayed in seconds, minutes and hours.

# New requirements

Our proposed changes to the RTS are shown below with additions underlined and deletions marked as a strikethrough.

Proposed changes to provision

# Applies to: Slots Casino (excluding peer to peer poker)

#### RTS requirement 2E

All gaming sessions must clearly display a customer's net position, in the currency of their account or product (for example, pounds sterling, dollar, Euro) since the session started.

#### RTS Implementation guidance 2E

Net position is defined as the total of all winnings minus the sum of all losses since the start of the session.

#### RTS requirement 13C

The elapsed time should be displayed for the duration of the gaming session.

#### RTS implementation guidance 13C

- c. Time displayed should begin either when the game is opened or once play commences.
- d. Elapsed time should be displayed in seconds, minutes and hours.

56 To what extent do you agree with the proposal to require elapsed time	
and net position information for all casino products?	
Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	
57 Please give reasons for your answer below	
58 Do you have any comments about implementation issues, timelines	
and practicalities?	
59 Please provide an estimate of the direct costs associated with	
59 Please provide an estimate of the direct costs associated with implementing this proposal.	

# Proposal 7: information security standards

# **Background**

The security requirements within the **Remote gambling and software technical standards (RTS)** <a href="https://www.gamblingcommission.gov.uk/standards/remote-gamblingand-software-technical-standards">https://www.gamblingcommission.gov.uk/standards/remote-gamblingand-software-technical-standards</a>> were selected from the ISO 27001 information security management standard. Our aim in setting out the security standards is to ensure that customers are not exposed to unnecessary security risks by choosing to participate in remote gambling. In addition to the risks inherent in other forms of ecommerce, those of personal information and credit card theft, remote gambling carries additional risks. Remote gambling operators, as do banks, hold customer deposits and the

operator-controlled gaming system that accepts the customer's bet also decides whether the gamble wins or loses.

# **Proposal**

In 2022 the ISO 27001 was updated. Following the **2022 update to the ISO 27001 standard** <a href="https://www.bsigroup.com/en-GB/iso-27001-information-security/isoiec27001-revision/?">https://www.bsigroup.com/en-GB/iso-27001-information-security/isoiec27001-revision/?</a> creative=634191057043&keyword=iso%2027001%20revision&matchtype=p&network=g&device=c&creative=634191057043&keyword=iso%2027001%20revision&matchtyp

UK-SGM-SYSTEMCERTIFICATION-

27001&utm\_content=634191057043&utm\_term=iso%2027001%20revision&adposition=&adgroup=144142865900&gclid=EAlalQobChMlxuGMiNDo\_wlVSQWLCh2jUgU4E we have reviewed the information security standards contained within the RTS to ensure they still remain appropriate to capture the main risks inherent in remote gambling. The standard has been reordered with some sections renamed and the section numbers referred to in the RTS have been updated.

In addition to the restructuring of the document, eleven new controls have been included. We have identified one of the new requirements as particularly pertinent to remote gambling and propose to include it in the RTS, as set out below:

### • 5.23 Information security for use of cloud services

This control is about managing information security when using cloud services. Part of this is ensuring the business is clear how the cloud provider manages information security risks and that the responsibilities of each party are defined and implemented.

It is our view that licensees that utilise cloud services should be aware of any risks this presents to the business, how the provider deals with information security and which party is responsible for dealing with any issues that arise.

The other new ISO sections do not appear to directly address consumer facing risks or are covered by existing requirements. In the questions we welcome input on including this new provision and whether there are others that should be included.

Along with our response to this consultation we will publish a new version of the RTS which will contain the updated numbering of the ISO standard.

<b>60</b> 7	Γο what extent do you agree with the proposal to introduce one new
:	section of the ISO27001 2022 standard as a requirement in RTS
:	security audits?
Please	select only one item
$\bigcirc$	Strongly agree
$\bigcirc$	Agree
$\bigcirc$	Neither agree nor disagree
$\bigcirc$	Disagree
$\bigcirc$	Strongly disagree

61	Please give your reasons for your answer below.
62	Do you think any of the other new centrals from the ISO 27004 2022
02	Do you think any of the other new controls from the ISO 27001 2022 update should be included in the security audit requirements?
63	Do you have any information you wish to share regarding any direct
_	costs associated with implementing this proposal?

# Equalities considerations (remote game design)

The Commission is committed to giving consideration to potential equalities impacts, having regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

In response to our consultation on slots products a small number of respondents raised concerns relating to consumers with disabilities or other physical conditions for whom access to play might be affected by the proposal to remove auto-play.

In our response, we recognised that while our proposals may provide a challenge for those players, they are also likely to be exposed to the risks associated with auto-play identified previously, and we proceeded with the change.

With regard to autoplay and other proposals set out here, the Commission does not currently consider that the proposals in this section of the consultation give rise to known negative impacts in the context of the above objectives. This position will be kept under review. We would welcome views in relation to the same.

#### Relevant links

**Equality Act 2010** <a href="https://www.legislation.gov.uk/ukpga/2010/15/contents">https://www.legislation.gov.uk/ukpga/2010/15/contents</a>.

64 Do you have any evidence or information which might assist the Commission in considering any equalities impacts, within the meaning of section 149 of the Equality Act 2010, in the context of any proposal considered in this consultation?
Attaching additional information  If you have any further documents in support of your response to this section of the consultation on remote game design, please use the 'choose file' button below.
65 Attaching additional information  Please attach a copy of any documents you wish to include to this printout.
Consultation section completed
66 You have now reached the end of this section of the consultation on remote game design. Please select either to return to the consultation home page to respond to a different topic or if you have finished select 'finished'.  (Required)  Please select only one item  Consultations home page Finished

# Remote gambling: financial vulnerability and financial risk

As set out in both the Commission's Advice to government and the government's white paper following the Review of the Gambling Act 2005, we propose a targeted system of financial risk checks for remote gambling that is proportionate to the risk of harm and introduced in a manner as frictionless for the consumer as possible.

This consultation takes forward proposals set out in the white paper and explores the details associated with the proposed checks, including the data protection considerations.

# Summary of proposals

The Commission has identified three key risks of gambling harm in our casework with remote gambling operators connected with financial indicators: binge gambling, significant unaffordable losses over time and financially vulnerable customers.

To tackle these risks, we worked with government, and we propose two checks:

- Financial vulnerability checks: The first is putting in place a standard approach to a light touch check to identify customers who may be particularly financially vulnerable (a financial vulnerability check). These are unintrusive checks, using publicly available data at moderate levels of spend. Some larger operators already conduct such checks for all customers at registration, and others do so at some point in the customer journey. We propose these are conducted at £125 net loss within a rolling 30 day period or £500 within a rolling 365 day period, which we estimate will reach approximately 20% of customer accounts and identify vulnerability such as where a customer is subject to bankruptcy orders or has a history of unpaid debts. At these moderate levels of spend (in the highest 20% of customer accounts), we consider light touch checks for financial vulnerabilities is necessary, suitable and proportionate.
- Financial risk assessments: The second is an enhanced financial risk assessment at unusually high loss levels where the risks are greater. These assessments are proposed to be informed primarily by credit reference data. We propose them to apply where there are losses greater than £1,000 within a rolling 24 hours or £2,000 within 90 days. We also propose that the triggers for enhanced assessments should be lower for those aged 18 to 24.

This consultation explores issues associated with these checks, including:

- the thresholds for checks/ assessments
- the definitions of net loss connected with those thresholds
- the data to be included in each check/ assessment how long the data remains relevant
- the action an operator must take following a check/ assessment and while it is pending
- data protection considerations
- issues associated with implementation.

We have previously set out the evidence base in relation to this topic in the context of our advice to government. Alongside this consultation, there are two key actions we will take to continue to build in key evidence. The first is to further build in the voice of gambling consumers. Alongside this consultation, we will therefore progress quantitative and deliberative qualitative work with gamblers. This research will be published in due course. The second is to build and update our data from industry to understand the proportion of accounts which may be affected, taking into account for example definitions that were set out in the government's white paper.

Key financial risk for consumers	Category of assessment	Proposed thresholds for consultation – 25 and over	Proposed thresholds for consultation – under 25	Proposed net loss definition	Notes – other key aspects of proposals
Significant financial vulnerability e.g. bankruptcy	Light touch check using public data, and some aggregated data	£125 net loss per rolling 30 days or £500 per rolling 365 days	£125 net loss per rolling 30 days or £500 per rolling 365 days	Loss of deposited monies with an operator, not counting restaked winnings or bonus funds	Check need not be repeated within 12 months  Gambling and deposits may continue while check taking place  General data protection considerations apply
Binge gambling	Enhanced assessment	£1000 net loss per rolling 24- hour period	£500 net loss per rolling 24-hour period	As above. In addition, positive net position in preceding 7 days may be taken into account	Check need not be repeated within 6 months  Gambling may continue, further deposits halted  Particular requirements for data protection considerations
Significant losses over time	Enhanced assessment	£2000 net loss in rolling 90 days	£1000 net loss in rolling 90 days	As above. In addition, positive net position in preceding 90 days may be taken into account	Check need not be repeated within 6 months  Gambling may continue, further deposits halted  Particular requirements for data protection considerations

# Why are we considering these proposals?

The Gambling Commission has continued to be concerned about examples it has seen in its casework of binge gambling, significant unaffordable losses over time and financially vulnerable customers, without the appropriate checks taking place. Whilst operators have increased the level of checks, we remain concerned that there are inconsistent approaches across the remote gambling sector.

In support of taking action, the government's white paper set out that many respondents to their call for evidence cited the Patterns of Play interim report. This included data on operator interactions, showing that just over 3% of online gambling accounts spent over £2,000 in a year, but only 35.5% of these were subject to any safer gambling interaction (such as an email or pop-up message), and just 0.84% received a safer gambling telephone call. These individuals may not have been spending more than they could afford, but many respondents felt operators should have been doing more to check.

Individuals spending more than they can afford to lose is one of the harms often associated with gambling. For those accessing treatment and support, financial harms are amongst the most commonly reported categories of harms. **GamCare's 2021 annual report**<a href="https://issuu.com/tgdh/docs/j017147">https://issuu.com/tgdh/docs/j017147</a>-

\_gamcare\_annual\_report\_trustees\_2021\_web?fr=sMGIwMDQzMDM2OTg> has indicated that 80 percent of gamblers in treatment, 75 percent of Helpline users and 56 percent of affected others in treatment reported financial difficulties. Harm can be significant even at low spending levels as the level of spend at which harms begin to occur depends on the consumer's discretionary income.

The policy proposals are designed to set consistent standards where there are unusual patterns of spend compared to the vast majority of customers. These patterns of spend are of themselves an indicator of potential risk – we consider it important that these unusual patterns trigger an assessment which includes consideration of the gambling in the context of that customer's financial circumstances.

In addition, consumers who are particularly financially vulnerable are experiencing harms due to bankruptcy or unpaid debts. It is important that these customers are identified and supported. Our engagement with people with lived experience reveals circumstances where individuals were able to gamble after they had begun to get into financial difficulties and were facing a debt spiral, and where publicly available information pointed to these issues.

#### Compliance case studies and accounts of personal experience

#### Financial vulnerability

For example, in our engagement with our Lived Experience Advisory Panel, we heard testimony concerning an individual who never bet more than £50 with an average stake of £8.01. However, this gambling was allowed to continue after there were instances of unpaid debt, and even bankruptcy. This continued gambling exacerbated the harms for a customer at a particularly vulnerable point.

### Binge gambling

In a case which recently led to compliance activity by the Gambling Commission, a customer lost £36,000 in four days

<a href="https://www.gamblingcommission.gov.uk/news/article/william-hill-group-businesses-to-pay-record-gbp19-2m-for-failures">https://www.gamblingcommission.gov.uk/news/article/william-hill-group-businesses-to-pay-record-gbp19-2m-for-failures</a> without appropriate financial risk assessment being carried out. This is above the disposable income the Office for National Statistics estimates

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/fina was available to the median household for an entire year in 2021 (£31,400). As such, the rate and level of spending would have been unaffordable for the vast majority of UK households, and likely to indicate harm.</p>

#### Sustained losses over time

In a similar compliance case study identified by the Commission, a **customer lost approximately £33,000 in three months** </author/remote-customerinteraction-consultation-and-

call/supporting\_documents/CI%20consultation%20call%20for%20evidence.pdf#page=18> without the operator carrying out any financial risk assessment. Compliance staff subsequently examined the information held by the operator on this customer, which suggested they had an annual income of £8,500. This suggests that, had the operator

assessed the customer's financial circumstances earlier and more effectively, they could have acted to reduce the extent of financial harm suffered.

These cases studies were also referred to in the government's white paper

# Accessible version of Table A - Overall summary of proposals

1	Accessible ver	sion of Table A - 0	Overall summary	ot proposals		
	Table A: Over summary of proposals  Key financial risk for consumers	• •	Proposed thresholds for consultation – 25 and over	Proposed thresholds for consultation – under 25	Proposed net loss definition	Notes – other key aspects of proposals
	Significant financial vulnerability e.g. bankruptcy	Light touch check using public data, and some aggregated data	per rolling 30 days or	per rolling 30 days or	Loss of deposited monies with an operator, not counting restaked winnings or bonus funds	Check need not be repeated within 12 months  Gambling and deposits may continue while check taking
	Binge gambling	Enhanced assessment	£1000 net loss per	£500 net loss per rolling		General data protection considerations apply Check need not be repeated
	gamoung	accessment	rolling 24-hour period		In addition, positive net position in preceding 7 days may be taken into account	within 6 months  Gambling may continue, further deposits halted
						Particular requirements for data protection considerations

Significant losses over Enhanced assessment time	£2000 net loss in rolling 90 days	£1000 net loss in rolling 90 days	As above.  In addition, positive net position in preceding 90 days may be taken into account	Check need not be repeated within 6 months  Gambling may continue, further deposits halted
				Particular requirements for data protection considerations

To what extent do you agree with the proposal that gambling operators be required to conduct light touch financial vulnerability checks based on public data when a certain net loss
threshold is reached?  Please select only one item
O Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Please give your reasons for your answer

# Remind me of the purpose of the vulnerability check

The purpose of such a check is to identify customers who may be particularly financially vulnerable (such as a customer who is subject to a bankruptcy order).

#### Draft requirement for financial vulnerability check

**Proposed new Social Responsibility Code 3.4.4** financial vulnerability check to inform customer interaction decision making

Applies to: All remote licences, except any remote lottery licence the holder of which does not provide facilities for participation in instant win or high frequency lotteries1, remote gaming machine technical, gambling software, host, ancillary remote bingo, ancillary remote casino, ancillary remote betting, remote betting intermediary (trading rooms only) and remote general betting limited licences.

- 1. Licensees must undertake a financial vulnerability check where a customer's net loss exceeds any of the following thresholds: a. £125 in a rolling 30-day period
- b. £500 in a rolling 365-day period
- 2. For the purposes of these thresholds net loss is defined as: the loss of deposited money with a particular operator. This does not include the loss of restaked winnings or the loss of accrued bonus funds.

- 3. A financial vulnerability check must include at a minimum a customer-specific public record information check for significant indicators of potential financial vulnerability. The check must include whether the customer is subject to any of the following: a. bankruptcy order, or equivalent, or
  - b. county court judgment (CCJ), an individual voluntary arrangement (IVA); high court judgment (HCJ); administration order (AO) or decree, or equivalent.
  - 4. A financial vulnerability check must combine information from the customer together with public and geodemographic data which may flag potential financial risk, including:
  - a. information about the postcode area (such as deprivation index), and
  - b. information about the average salary for the customer's stated employment status and job title.

#### 5. Licensees must:

- a. consider the financial risk information they obtain, together with all of the other information they know about the customer and are permitted to use, in order to assess risk,
- b. take proportionate action when risk is identified,
- c. where taking a decision for proportionate action, make the decision manually rather than solely by automated means, and d. record the rationale for the decision on proportionate action.
- 6. The licensee is not required to conduct this financial vulnerability check at the point when the customer reaches a relevant threshold, if the operator has previously conducted a financial vulnerability check or a financial risk assessment within the previous 12 months.

	consultation as an individual, do you consider it likely that, if a financial vulnerability check were introduced, you would meet one of the thresholds for a check?
Please	e select only one item
$\bigcirc$	I am not a gambling consumer responding as an individual
Õ	Yes - it is likely that my gambling would meet one of the thresholds for a vulnerability check
Õ	No - it is not likely that my gambling would meet one of the thresholds for a vulnerability check
	Prefer not to say

If you are a gambling consumer and are responding to this

assessments where there are very unusual patterns of loss? The purpose of such an assessment would be to act on the indicator of harm of unusual patterns of loss and assess gambling in the context
of a customer's financial circumstances. Please select only one item
◯ Strongly agree
Agree
Neither agree nor disagree
○ Disagree
Strongly disagree
Please give your reasons for your answer

# Remind me of the purpose of the financial risk assessment

To what extent do you agree with the proposal that gambling

The purpose of the financial risk assessment is to conduct a risk assessment about a customer who has lost an unusually high amount over a short period/ binge, or over a sustained period, and to inform the action that might take place as a result.

## Draft requirement for financial risk assessment

**Proposed new Social Responsibility Code 3.4.5** Enhanced financial risk assessments to inform customer interaction decision making

Applies to: All remote licences, except any remote lottery licence the holder of which does not provide facilities for participation in instant win or high frequency lotteries1, remote gaming machine technical, gambling software, host, ancillary remote bingo, ancillary remote casino, ancillary remote betting, remote betting intermediary (trading rooms only) and remote general betting limited licences.

# SR Code 3.4.5 Enhanced financial risk assessments to inform customer interaction decision making

- 1. Licensees must obtain information to support their understanding of financial risk for an individual customer and therefore overall risk to that customer, where a customer's net loss during a relevant period exceeds any of the following thresholds:
- a. For customers 25 years of age and over at the point at which the threshold is reached, the thresholds are:
  - £1,000 in a relevant period of a rolling 24 hours, and £2,000 in a relevant period of a rolling 90 days.
- b. For customers under 25 years of age at the point at which the threshold is reached, the thresholds are:
  - £500 in a relevant period of a rolling 24 hours, and £1,000 in a relevant period of a rolling 90 days.
- 2. For the purposes of the thresholds at paragraph 1:
- b. a net loss is defined as the stake and loss within the relevant period of deposited funds with a particular operator. This does not include the following:
  - the loss of accrued bonus funds, or the loss of restaked winnings during the relevant time period.
- a net loss may also take into account the net position of a customer who was in an overall net positive position in the period immediately preceding the relevant time period. A period immediately preceding a relevant period means:
  - 7 days for a relevant period of a rolling 24 hours, or 90 days for

a relevant period of a rolling 90 days.

- 3. Licensees must consider the results of the financial risk assessment and take any proportionate action necessary before they allow any further deposits.
- 4. Licensees must obtain data from a provider, or obtain a risk assessment from a provider, which includes: a. credit performance data, and
- b. income and expenditure data, including current account turnover data.
- 5. In circumstances where a financial risk assessment at the minimum standard set out in paragraph 4 cannot be provided, licensees must obtain information about income and expenditure of the customer to help support their understanding of financial risk, for example, through open banking or the direct provision of information from the customer.
- 6. Licensees must be transparent by informing all customers that they will obtain information from third parties to support their understanding of financial risk. This must be provided in addition to more general references to obtaining and using such information included in Privacy Notices and terms and conditions in accordance with the requirements of data protection legislation.
- 7. In line with data protection principles, licensees must only use the data obtained pursuant to paragraphs 4 and 5 above to consider the risk to the customer and decide what proportionate action to take and it must not be used for any other purpose.
- 8. Licensees must consider the financial risk information they obtain, together with all of the other information they know about the customer and are permitted to use, in order to assess risk and take proportionate action if risk is identified. When potential risk is identified, the decision about what action to take must be made manually rather than solely by automated means. The rationale for the decision on proportionate action must be recorded.
- 9. The licensee is not required to conduct a financial risk assessment under this code at the point when the customer reaches a relevant threshold, if the operator has previously conducted a financial risk assessment within the previous six months.
- 1 A high frequency lottery is a lottery in which any draw takes place less than one hour after a draw in a previous lottery promoted on behalf of the same non-commercial society or local authority or as part of the same multiple lottery scheme.

-	f you are a gambling consumer and are responding to this consultation as an individual, do you consider it likely that, if a financial risk assessment were introduced, you would meet one of the thresholds for an assessment?
Please	select only one item
$\bigcirc$	I am not a gambling consumer responding as an individual
$\bigcirc$	Yes - it is likely that my gambling would meet one of the thresholds for a financial risk assessment
$\bigcirc$	No - it is not likely that my gambling would meet one of the thresholds for a financial risk assessment
$\bigcirc$	Prefer not to say

# Background

The topic of financial risk for gambling consumers has been the subject of a long period of discussion and engagement and is part of a wider programme of work to improve the identification of customers at risk of harm and actions taken as a result. This programme includes:

- setting new, more prescriptive requirements for operators for customer interaction for example, setting 7 key indicators of harm which they must use
- the piloting of a cross-operator system to flag serious indicators of harm to identify harm across gambling businesses (Gamprotect) which is being trialled by the industry
- to drive and support the industry to collaborate on best practice to implement these new requirements and beyond.

In 2020, the Commission closed a **consultation and call for evidence exercise** </author/remote-customer-interaction-consultation-and-

call/supporting\_documents/CI%20consultation%20call%20for%20evidence.pdf> which proposed new, more prescriptive requirements for remote gambling operators on customer interaction. The majority of these requirements came into force on 12 September 2022, with some coming into force on 12 February 2023, and the final few coming into force later this autumn, along with associated guidance coming into effect which operators will be required to take into account.

Alongside the call for evidence which included exploration of financial risk, the Commission engaged with a wide range of stakeholders including people with lived experience, consumer bodies, academics, industry and others, and also conducted a short survey which was primarily intended for consumers. Understanding the consumer perspective is vital for the Commission and is why we have a programme of research on the Consumer Voice. The introduction to this consultation sets out more information about this research on the consumer perspective, and information is also available on our website

<a href="https://www.gamblingcommission.gov.uk/aboutus/guide/understanding-consumer-journeys-introducing-the-path-to-play">https://www.gamblingcommission.gov.uk/aboutus/guide/understanding-consumer-journeys-introducing-the-path-to-play</a>.

The government's Review of the Gambling Act 2005 reviewed the legislative framework connected with gambling, and specifically explored issues connected with financial risk through a call for evidence and wide stakeholder engagement.

The Information Commissioner's Office (ICO) has been working with the government and the Gambling Commission to support the delivery of this new system of financial risk assessments,

and in July 2023, they **published information** <a href="https://ico.org.uk/about-the-ico/media-centre/news-and-">https://ico.org.uk/about-the-ico/media-centre/news-and-</a>

blogs/2023/07/ico-backs-new-data-sharing-schemes-to-protect-gamblers-from-harm/> confirming that data can be shared with gambling operators for the purpose of conducting these financial risk assessments, but it must be done transparently and proportionately.

The ICO's advice will help inform the next steps of this work with the financial and other sectors that provide data which is incorporated into the credit reference system.

#### Relevant links

#### The ICO's published information on data-sharing for frictionless checks

<a href="https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2023/07/ico-backs-new-datasharing-schemes-to-protect-gamblers-from-harm/">https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2023/07/ico-backs-new-datasharing-schemes-to-protect-gamblers-from-harm/></a>

# Details of the proposals

This consultation will now explore details associated with these proposals, including:

- Issue 1: the thresholds for checks/ assessments
- Issue 2: the definitions of net loss connected with those thresholds
- Issue 3: the data to be included in each check/ assessment
- Issue 4: how long the data remains relevant
- Issue 5: the action an operator must take following a check/ assessment and while it is pending
- Issue 6: data protection considerations
- Issue 7: considerations associated with implementation

We also consider equalities considerations and consideration of impact.

You may choose to answer as many or as few questions as you wish. Please leave questions which you do not wish to answer blank.

# Issue 1: Setting thresholds

In order to identify appropriate and proportionate threshold levels we considered the following three key information points which together informed our proposals for thresholds, alongside other wider evidence:

- a. **Problem gambling rates and other information about harms** to help assess the likelihood of harm.
- b. **Population level information about discretionary income** to help consider the amount of money people have available.
- c. The amount of money customers are currently spending on gambling to help consider proportionality of the threshold and spending patterns that are unusual.

We will be updating the key information points we hold in relation to each of these three areas. For example, during the consultation period, we will be conducting a separate industry data request to update the information about the proportion of customer accounts which may be identified through the proposed thresholds. We also recognise that there have been significant economic pressures on household budgets since some of the data set out in this consultation has been collected. This

updated information would be considered in the round together with consultation responses before making final decisions about these proposals.

# Problem gambling rates and harms

Evidence on problem gambling rates and the nature of harms is part of the picture to assess the levels of harm amongst gambling consumers and who is most at risk.

Based on the 2016 combined Health Survey data for 'any online gambling or betting', the percentage of gamblers/bettors at moderate risk was 8.4 percent and the percentage of problem gamblers was 3.5 percent. Data from 2018 (which covered England only) reported the percentage of gamblers/bettors at moderate risk was 5.8 percent and the percentage of problem gamblers was 4.2 percent.

Young adults may be particularly vulnerable to gambling related harms due to a combination of biological, situational and environmental factors. Our **research**<a href="https://www.gamblingcommission.gov.uk/statistics-and-research/publication/exploring-the-gambling-journeys-of-young-people">https://www.gamblingcommission.gov.uk/statistics-and-research/publication/exploring-the-gambling-journeys-of-young-people</a> shows that young people are most at risk of falling into problem gambling around the age of 20-21, as they typically adjust to new freedoms such as moving out of home and managing their own finances.

The Commission is developing its approach to collecting data on adult gambling participation and the prevalence of problem gambling, which includes building greater understanding of gambling harms. Information about this work is **available on the Commission's website**<a href="https://www.gamblingcommission.gov.uk/aboutus/page/participation-and-the-prevalence-of-problem-gambling">https://www.gamblingcommission.gov.uk/aboutus/page/participation-and-the-prevalence-of-problem-gambling</a>.

# **Discretionary income levels**

The Gambling Commission consultation and call for evidence on remote customer interaction (PDF) </author/remote-customer-interaction-consultation-andcall/supporting\_documents/Cl%20consultation%20call%20for%20evidence.pdf> included information about average discretionary income, from YouGov. This indicated the average levels of discretionary income per calendar month at different age groups. In each age group, there are individuals who have very limited discretionary income, but this is particularly true of young adults. Other risks associated with young adults are outlined in the Protections for young adults chapter of our advice to government <a href="https://www.gamblingcommission.gov.uk/about-us/guide/advice-to-government-review-of-the-gambling-act-2005">https://www.gamblingcommission.gov.uk/about-us/guide/advice-to-government-review-of-the-gambling-act-2005</a>>.

This has helped to inform our consideration of thresholds and alongside other relevant considerations for risks for young adults, it has informed our proposals for considering lower thresholds for enhanced assessments for young adults.

# The amount of money customers spend on gambling

To help inform these thresholds, we considered information about what are unusually high losses.

Government set out in the white paper that: 'most online gamblers have relatively modest losses. The Patterns of Play research commissioned by GambleAware found that between July 2018 and July 2019, 21% of accounts made a net gain, 60% lost less than £200, 13% lost between £200 and £1,000, 5% lost between £1,000 and £5,000, and around 1% lost more than £5,000.'

This distribution means that operator revenue is predominantly derived from a relatively small cohort of high spending customers. The range of estimates submitted to [government's] call for evidence suggest that (ignoring accounts which net win), around a quarter of Gross Gambling Yield is derived from 1% of accounts, approximately 60% comes from the highest spending 5%, and around 75% from the top 10%, although this varies by product. Some submissions pointed out that a reliance on a high spending minority is not unusual in other sectors (such as air travel) and that higher than average spending on gambling is not in itself evidence of harm as discretionary income varies significantly across individuals.'

In comparison with older age groups, NatCen's Patterns of Play research

<a href="https://natcen.ac.uk/our-research/research/patterns-">https://natcen.ac.uk/our-research/research/patterns-</a>

ofplay/#:~:text=The%20research%2C%20which%20looked%20at,of%20the%20online%20gamblin g%20market.> found that spend by young adults on gambling (online) is relatively low, and the Commission's in-depth look at online gambling in 2020

<a href="https://www.gamblingcommission.gov.uk/statistics-and-research/publication/taking-amore-in-depth-look-at-online-gambling">https://www.gamblingcommission.gov.uk/statistics-and-research/publication/taking-amore-in-depth-look-at-online-gambling</a> found that young adults have more accounts and show less brand loyalty than older adults.

NatCen's Patterns of Play research <a href="https://natcen.ac.uk/our-research/research/patterns-of-play/#:~:text=The%20research%2C%20which%20looked%20at,of%20the%20online%20gambling%20market.">https://natcen.ac.uk/our-research/research/patterns-of-play/#:~:text=The%20research%2C%20which%20looked%20at,of%20the%20online%20gambling%20market.</a> also found that in terms of online gambling, young adults contribute a relatively low percentage of online GGY (8.8 percent) in comparison with accounts held (20.7 percent). For gaming-only this is lower — 13.2 percent of the adult population are young adults, they hold 18.9 percent of gaming accounts, which generates 6.4 percent of GGY. Mean spend on gaming increases by age.

#### The Commission's in-depth look at online gambling in 2020

<a href="https://www.gamblingcommission.gov.uk/statistics-and-research/publication/taking-a-more-in-depth-lookat-online-gambling">https://www.gambling</a> found that young adults hold more accounts (4.7) on average than other age groups. The average for all adults is 3.2 accounts, 25 to 34 year olds hold 3.8 and 35 to 44 year olds hold 3.9. However, the number of accounts used *regularly* (in the last 12 months/at least once a month) varies little across these age groups.

# Proposed thresholds taking into account this evidence

The government proposals set out in the white paper are that customers showing unusually high losses (approximately the top 3 percent of customers) are subject to enhanced financial assessments. This would apply either in a situation that might be considered a binge, or in a sustained manner over time.

As indicated in the white paper 'the weight of the evidence suggests that those being harmed by gambling are overrepresented among those with high gambling spend.'

Young adults are vulnerable to gambling harm due to a combination of biological, situational, and environmental factors, and are more likely to have limited gambling experience and low motivation to adopt protective behaviours. In addition to biological and cognitive development factors, evidence to support protections for young adults is linked to the onset of gambling and the occurrence of 'life events', which would typically occur within this age group.

Therefore, to ensure that potential harm at relatively low spend levels by young adults does not go undetected by gambling operators, we recommend that spend thresholds applied to online accounts to prompt a financial risk assessment be set at a comparatively lower level for customers up to the age of 25.

Table B sets out the estimated percentage of accounts where the operator would be required to undertake some form of financial risk assessment if they applied equally to all adults. The binge gambling and significant losses over time information has been estimated following an **industry** data request

<a href="https://www.gamblingcommission.gov.uk/statistics-and-research/publication/affordability-data">https://www.gamblingcommission.gov.uk/statistics-and-research/publication/affordability-data</a> which covered approximately 19 percent of all active remote gambling accounts in the May 2020-April 2021 period. The significant financial vulnerability information came from data obtained from consultation responses to our call for evidence in 2019-2020.

Table B – Estimated Percentage and number of accounts affected by proposed thresholds for financial assessments if they applied equally to all adults.\*\*

Key financial risk for consumers	Category of assessment	Proposed thresholds for consultation	Percentage of accounts subject to checks (estimated)	Number of accounts subjected to check (estimated)
Significant financial vulnerability	Light touch check using public data	£125 net loss per rolling 30 days or £500 per rolling 365 days	21.2%	6.1 million
Binge gambling	Enhanced assessment	£1000 net loss per rolling 24- hour period	2%*	600,000
Significant losses over time	Enhanced assessment	£2000 net loss in rolling 90 days	3.2%*	1 million

<sup>\*</sup> The Gambling Commission collected information about the number of accounts that would reach the threshold levels separately. It is likely that a high proportion of these accounts would meet both thresholds and the figures should not therefore be added together to estimate the total percentage of accounts potentially subject to an assessment.

<sup>\*\*</sup> The proposals are that the enhanced assessment would have lower thresholds for young adults under 25 for both binge and significant

71 To what extent do you agree with the proposed threshold of a financial vulnerability check based on public data (eg bankruptcy) if a customer has a net loss of £125 in a rolling 30 day period?  Please select only one item
○ Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Please give your reasons for your answer
72 To what extent do you agree with the proposed threshold of a financial vulnerability check based on public data (eg bankruptcy) if a customer has a net loss of £500 in a rolling 365 days?
Please select only one item  Ctrongly agrees
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Please give the reasons for your answer
73 To what extent do you agree with the proposed threshold for a
financial risk assessment related to binge activity of more than
£1,000 in a relevant period of a rolling 24 hours?
Please select only one item
○ Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Ostrongry disagree
Please give the reasons for your answer

74 To what extent do you agree with the proposed threshold for an enhanced financial risk assessment related to significant losses over				
time of more than £2,000 in a rolling 90 day period?  Please select only one item				
O Strongly agree				
Agree				
Neither agree nor disagree				
Disagree				
Strongly disagree				
Please give the reasons for your answer				
75 To what a short do you are suith the group and the statement and for				
75 To what extent do you agree with the proposal that thresholds for the enhanced financial risk assessment are lower for those aged				
under 25 to £500 in a rolling 24 hour period and £1,000 in rolling 90				
day period?  Please select only one item				
Strongly agree				
Agree				
Neither agree nor disagree				
Disagree				
Strongly disagree				
Please give the reasons for your answer				
, , , , , , , , , , , , , , , , , , ,				

## Issue 2: Defining net loss for the purposes of thresholds

The proposed basis of the thresholds for gathering information as part of both financial vulnerability checks and financial risk assessments is **monies staked and lost during the relevant time period.** This would require a definition of net loss to be included in the requirement which is clear, operationalisable and meets the policy objectives. Our starting point for consultation for the net loss definition is the wording which was used in the government's white paper which stated that they consider net loss to broadly be 'the loss of deposited money with a particular operator, and does not include the loss of restaked winnings from that operator.'

#### Net loss for financial vulnerability checks

We seek to make the net loss definition that applies for a financial vulnerability check operationalisable, whilst being proportionate to the risks and costs associated, and the level of data sharing involved. We therefore consider that keeping the net loss definition simple is appropriate and propose that this is the loss during the timeframe of deposited money with a particular operator. This does not include the loss of restaked winnings or the loss of accrued bonus funds.

#### Net loss for financial risk assessments

We have discussed with officials in the Department for Culture, Media and Sport the principles that should be considered in defining whether a customer has met the threshold for a financial risk assessment. In discussing these detailed principles, we should keep in mind the overall principle of identifying patterns of unusual spend which should trigger a financial risk assessment, in order to assess the customer's gambling in the context of their overall financial circumstances.

The proposed principles connected with calculating net loss and helping to inform what is an unusual pattern of spending are set out below. We have agreed with DCMS the following principles as a useful foundation for consultation on how net loss might be calculated:

- The loss of restaked winnings should not be considered in relation to net loss for these purposes.
- The loss of bonus funds should not be considered in relation to net loss for these purposes.
- Only gambling with that operator counts for the calculation of net loss for these purposes. For example, an operator could not use their customer depositing 'winnings' from another operator as part of the calculation of net loss.
- A lifetime position of the account is not relevant for the purposes of triggering these assessments, but that the net position in the period immediately preceding the relevant time period might be. This is on the basis that a customer's recent winnings may dictate their staking behaviour and be material to the risk of financial harm.
- After assessments are triggered, the findings are relevant alongside all the other data that an operator
  holds on a customer in considering next steps. Where appropriate, this could include consideration of
  the customer's longer term financial position with that operator alongside information such as whether
  other indicators of harm are present.

We welcome comments on these principles. In particular, we welcome views on whether previous winnings from gambling should be considered in relation to the thresholds for checks and if so over what time period.

In order to set the definition for the purposes of our requirements (and to ensure consistency), it is important to be clear and precise, and we welcome views on the detail accordingly.

#### Restaked winnings within the time period

Outlined below are two worked examples of how net loss can be calculated – the first includes restaked winnings within the time period in the total net loss whilst the second does not. For both examples, the loss of bonus funds would not count towards net loss. Example 2 is the proposed way of calculating net loss in relation to restaked winnings within the time period – restaked winnings within the time period not counted as a loss.

Table C – Illustration of how restaked winnings during time period would affect the net loss calculation				
	Example 1 - Restaked winnings within the time period counted as a loss	Example 2 - Restaked winnings within the time period not counted as a loss (proposed approach)		
Amount deposited initially by the customer	£800	£800		
Amount staked initially by the customer	£800	£800		
Amount won initially (including return of stake)	£1,000	£1,000		
Amount later restaked by the customer, and then lost	£1,000	£1,000		
Conclusion: calculated net loss	£1,000	£800 (proposed approach)		

A further example of this might be that a customer places £400 in bets with an online gambling operator during the first two days of the Cheltenham Festival and wins £5,000 (including initial stake). On the fourth day they stake and lose a total of £1,000 of these winnings. Under these proposals, the restaked winnings would not be considered as a net loss for these purposes and the threshold would not have been met. An assessment would not take place at this time.

#### Restaked winnings prior to the time period

Separate to the discussion of including restaked winnings within the time period, is consideration of whether to take into account winnings that immediately preceded the period in question. The question being considered is whether an unusual pattern of spending is not relevant if a customer has recently won. An argument was made during DCMS' call for evidence that the loss of previous gambling winnings does not necessarily put the customer at any greater financial risk.

However, it has also been argued that the pattern of spending is unusual and worthy of investigation regardless of whether there has been a recent win and there can still be both financial and other harms even where there has been an earlier win. A big win a number of years ago may well not have any bearing on risk now. Therefore, we do not propose that lifetime winnings are taken into account.

The draft principles proposed above, following discussion with DCMS, include that a net positive position immediately previous to the relevant period is taken into account in determining whether a check is triggered. This would have the effect of not requiring a check of someone whose recent net position reduces any subsequent losses during the relevant time period to below the threshold. This recognises that customer staking patterns may change in response to a recent win and that financial loss is generally less likely to be harmful if it is the loss of recently won money as opposed to fresh deposits from alternate sources.

We have agreed with DCMS that a foundation for consultation is that a net positive position in the previous 7 days would be considered in relation to the 24 hour relevant period. This would mean that a customer who has a net loss within a 24 hour period of £1,100 would not undergo an assessment if they had had a net positive position of more than £100 in the previous 7 days, bringing them back underneath the threshold. We have proposed 7 days as the binge activity is an indicator of harm, to be considered over a short period and we suggest for consultation that anything longer than 7 days may increase the risk for these customers.

In relation to the 90 day relevant period, we have proposed as a foundation for consultation that a positive net position from the previous 90 day period would be considered.

We would welcome views on these aspects, in particular on the appropriate timeframes for which it is suitable and proportionate to take immediately previous positive net position into account.

Table D – Illustration of how 'restaked winnings' immediately prior to the relevant period would affect the net loss calculation			
Activity in rolling 24 hours	Example 3 – Customer with a net loss during the relevant period, has a positive net position in preceding period but this is disregarded (Not proposed position)	Example 4 – Customer with a net loss during the relevant period, but has a positive net position in preceding period  (Proposed position)	Example 5 – Customer with a net loss during the relevant period, but has a negative or neutral net position in preceding period  (Proposed position)
Amount staked and lost by the customer during the 24 hours	£1,000	£1,000	£1,000
Net loss within the 24 hours	£1,000	£1,000	£1,000
Net Position over preceding 7 days	+ £200	+ £200	£0 or £-200
Final position for consideration of threshold level (Net loss)	£1,000	£800	£1,000
Conclusion	Would meet threshold if calculated in this way (not proposed)	Would not meet threshold under current proposals – assessment not conducted	Would meet threshold under current proposal – assessment to be conducted

A further example of this might be that a customer places £400 on online slots with an online gambling operator and wins £5,000 (including initial stake). They withdraw those winnings. A few days later, the Cheltenham Festival begins and the customer deposits £1,000. They stake and lose all of the £1,000 during a 24 hour period. Although in that 24 hour period the net loss is £1,000, the customer still has a net positive position of £3,600 over the week, and this would not therefore trigger a financial risk assessment under the current proposals. In some cases, there may be notable changes in staking behaviour or other indicators of harm and a customer interaction could be appropriate.

We are seeking views on the proposed approach in this area of defining net loss, and on any potential technical difficulties with implementation of different approaches.

#### Applying net loss threshold in the context of betting

The proposed basis of the thresholds for gathering information as part of both financial vulnerability checks and financial risk assessments is **net loss during the relevant time period with consideration given to the position from the immediately preceding period.** 

In relation to betting, the proposed definition of net loss in line with the white paper, would mean that the point at which a bet counts towards net loss is at the point at which the bet is settled as a loser. Until that point the outcome of the bet is unknown. However, there will be times when customers place large bets or a number of bets on future events – the customer commits those funds at the point of making the bet. Therefore, there is risk to the customer that their activity could result in significant harms but they would not undergo checks until later in the customer journey. Such betting activity could have similar features to binge gambling or include other indicators of harm, which operators would separately be required to take into account due to existing requirements under social responsibility code 3.4.3

<a href="https://www.gamblingcommission.gov.uk/licensees-and-businesses/lccp/condition/3-4-3-remote-customer-interaction">https://www.gamblingcommission.gov.uk/licensees-and-businesses/lccp/condition/3-4-3-remote-customer-interaction</a>.

The net loss definition set out in the white paper and expanded on in this consultation would mean that such activity would trigger a financial vulnerability check or a financial risk assessment only when a bet is settled as a loser. We welcome views on this aspect.

# Accessible versions of Table C and D Table C – Illustration of how restaked winnings during time period would affect the net loss calculation

	Example 1 - Restaked winnings within the time period counted as a loss	Example 2 - Restaked winnings within the time period not counted as a loss (proposed approach)
Amount deposited initially by the customer	£800	£800
Amount staked initially by the customer	£800	£800

Amount won initially (including return of stake)	£1,000	£1,000
Amount later restaked by the customer, and then lost	£1,000	£1,000
Conclusion: calculated net loss	£1,000	£800 (proposed approach)

Table D – Illustration of how 'restaked winnings' immediately prior to the relevant period would affect the net loss calculation

Activity in rolling 24 hours	Example 3 – Customer with a net loss during the relevant period, has a positive net position in preceding period but this is disregarded	Example 4 – Customer with a net loss during the relevant period, but has a positive net position in preceding period	Example 5 – Customer with a net loss during the relevant period, but has a negative or neutral net position in preceding period
	(Not proposed position)		
Amount staked and lost by the customer during the 24 hours	,	(Proposed position) £1,000	(Proposed position) £1,000
Net loss within the 24 hours	£1,000	£1,000	£1,000
Net Position over preceding 7 days	+ £200	+ £200	£0 or £-200
Final position for consideration of threshold level (Net loss)	£1,000	£800	£1,000
Conclusion	Would meet threshold if calculated in this way (not proposed)	Would not meet threshold under current proposals – assessment not conducted	Would meet threshold under current proposals – assessment to be conducted

<sup>76</sup> To what extent do you agree with the proposed definition of net loss for financial risk assessments which is that net loss is the loss of deposited funds with a particular operator ie excluding bonus funds and restaked winnings? In particular, please flag any potential risks and technical difficulties with implementation of this proposed approach.

Please select only one item
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Strongly disagree
Please give the reasons for your answer
77 To what extent do you agree with the proposed approach to enable
a recent overall net position to be taken into account when a
threshold is met? In particular, please flag any potential risks and technical difficulties with implementation of this proposed approach.
Please select only one item
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Please give the reasons for your answer
78 To what extent do you agree with the proposed approach that would
set a timeframe whereby recent overall net position could be taken
into account for 7 days in relation the binge threshold and 90 days
for the losses over time threshold?
Please select only one item
O Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Please give the reasons for your answer

79 To what extent do you agree with the proposed approach that would
mean that a bet would only be counted as a loss when it is settled
as a loser?
Please select only one item
○ Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Please give the reasons for your answer

### Issue 3: Data to be included in a check or assessment

#### Data points to be included

Financial vulnerability check – proposed data points

#### Publicly available data

The purpose of the financial vulnerability check is to establish whether a customer is particularly financially vulnerable. At the relevant threshold, we propose that operators be required to check two things on the publicly available registers:

- whether a customer is subject to **bankruptcy** <a href="http://www.gov.uk/government/publications/guide-to-bankruptcy/guide-to-bankruptcy">http://www.gov.uk/government/publications/guide-to-bankruptcy/guide-to-bankruptcy</a> or equivalent. This is because a customer subject to bankruptcy may be particularly financially vulnerable. We have also proposed that the words 'or equivalent' are included to cater for situations where a customer is subject to a relevant bankruptcy from another jurisdiction which may have different legal terminology but may still be in the public domain.
- whether a customer has an individual voluntary arrangement in place e.g. unpaid debts may not always point to particular financial vulnerability, but it can indicate financial difficulties. This information can be considered alongside other information known about a customer. We have also included in the proposed wording county court judgment (CCJ), high court judgment (HCJ), administration order (AO) or decree, or equivalent. The words 'or equivalent' cater for customers from other jurisdictions. These terms are explained further in the ICO guide to credit (PDF)
   <a href="https://ico.org.uk/media/forthepublic/documents/1282/credit-explained-dp-guidance.pdf">https://ico.org.uk/media/forthepublic/documents/1282/credit-explained-dp-guidance.pdf</a>.

#### Aggregated vulnerability data

As part of the government's Review of the Gambling Act 2005, many operators shared examples of what they do for a light-touch financial check, and suggested that introducing such approaches consistently across operators would be suitable. Some operators already ask all customers to provide their postcode and their employment status and job title at registration. This information is then used to estimate key factors, such as whether the customer lives in a deprived area and their likely salary, which may be used to inform an initial customer risk profile.

In response to these suggestions, we have set out proposals in our proposed requirement that a financial vulnerability check must also combine aggregated data which may flag potential financial

risk in order to gather views from a wide range of stakeholders on the value of such information as part of a financial risk check. The information would include:

- information about the postcode area (such as deprivation index), and
- information about the average salary for the customer's stated employment status and job title.

All operators gather information about postcode at registration but not all operators gather information about employment status or job title. Although some operators currently gather such information for all their customers, our proposal is that operators would not be required to ask for employment status and job title from all customers, just those that reached the thresholds.

We would welcome views on whether this aggregated data relating to a customer's postcode and occupation would be valuable to consider (alongside the personalised information from publicly available registers) as part of a financial vulnerability check. Information relating to the customer's postcode may include index of multiple deprivation or other open source data relating to the average financial resources of those living in the postcode.

In terms of occupational data, we are seeking views on whether gathering a customer's stated job title and cross-referencing this with open source data on average income for the occupation would be valuable in assessing potential financial vulnerability.

For both of these potential data sources we consider that it could provide some insight into financial vulnerability, but it is more limited than information relating directly to the customer and should not be relied upon as a positive indicator. For example, young adults who still live with parents are likely to have a different personal financial profile to that of their postcode and in addition for many job titles there is a wide range of salaries. In addition, some of the data (ie job title) may rely on self-reporting by a customer and this may affect the accuracy in some circumstances. Therefore such information could only be used as an indicator of potential financial vulnerability, which could be misleading if relied upon to provide assurance of limited risk, and would need to be considered together with all of the other information the operator knows about the customer.

### Financial risk assessment – proposed data points

The purpose of the financial risk assessment is to conduct a risk assessment about a customer who has lost an unusually high amount over a short period/ binge, or over a sustained period, and to inform the action that might take place as a result.

The government's white paper set out that once these thresholds have been reached, the proposal is that operators must attempt to obtain personalised data on the customer. We have agreed with DCMS that the proposal for consultation to take this forward would include:

personalised data relating to a customer's credit performance and income and expenditure data, such as current account turnover, or a risk assessment based on this data.

The financial system for credit performance data means that this information is only available via credit reference agencies (CRAs), who would only share data on a data minimisation basis.

In circumstances where a credit reference agency cannot provide a financial risk assessment at the minimum standard set out above (ie including information about risk based on both credit performance data and information about income and expenditure, such as current account turnover), this may mean that the customer would need to provide information to help support understanding of financial risk,

For example, this may be through open banking or the direct provision of information from the customer.

The Commission prefers to be outcomes based where possible. We are not therefore proposing at this time that we should be prescriptive about what form income and expenditure information an operator must obtain directly from a consumer where this is needed. However, operators must obtain sufficient information to provide them with reasonable insight into a customer's financial risk. We consider that there is incentive for operators to minimise the data they request of customers in these circumstances, and in any case, what is required should be proportionate and fair to the customer. In other words, the gambling operator should not seek to ask for a surplus of information, which could be considered unduly intrusive, but only what is required for them to carry out the checks. We seek views on how we should set minimum standards for information that must be obtained and how to minimise the required data.

The white paper impact assessment works on the following key assumption that 'CRAs can provide frictionless Financial Risk Assessments checks using these data points for 80% of customers who hit the enhanced spending check thresholds'.

would include publicly available data relating to an active county
court judgement (CCJ), high court judgment (HCJ), administration
order (AO) or decree, or equivalent?
Please select only one item
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Please give the reasons for your answer

Please select only one item
O Strongly agree
Agree
Neither agree nor disagree
Disagree
O Strongly disagree
Please give the reasons for your answer
riedse give tile reasons for your answer
82 To what extent do you consider that aggregated data should be
included in a financial vulnerability check in relation to a customer's
stated employment status and job title, and cross-referencing to open source data about the average income for that occupation?
Please select only one item
O Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Please give the reasons for your answer
83 To what extent do you agree with the proposed requirements for
data that must be included in an enhanced financial risk assessment
for credit performance data and income and expenditure data, including current account turnover data?
Please select only one item
O Strongly agree
Agree
Neither agree nor disagree
Disagree Characteristics was
Strongly disagree
04 Diagon sive your reasons for your enough. In particular, are there
84 Please give your reasons for your answer. In particular, are there any other types of information that you think it would be valuable to
gather at these thresholds to understand potential financial risk?

85 In limited circumstances, it may be necessary to obtain information directly from the customer to understand financial risk. In these circumstances, we have proposed that the information must enable assessment of income and expenditure. Should the Commission set out further minimum requirements to ensure the data provided is meaningful but minimised? If so what should these requirements be?
Issue 4: How long data is valid
For how long is the data relevant?
We want to make sure that checks and assessments are taking place only where necessary and proportionate.
To achieve this, we would need to set a timeframe during which a check or an assessment need <b>not</b> be repeated.
We have proposed that a financial vulnerability check would not need to be repeated if a check or assessment has been conducted within a 12 month period.
We have also proposed that financial risk assessments would not need to be repeated if one has been conducted within the previous 6 months. We recognise that customer's circumstances can change during a 6 month period. However, repeating assessments frequently is likely to be disproportionate to the risks and burdensome for both the customer and the operator.
We are seeking views on these proposals about the length of time that the information obtained should remain valid before a further check or assessment is necessary.
86 To what extent do you agree with a 12 month time-frame for the validity of the financial vulnerability check?  Please select only one item  Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree Please give the reasons for your answer

**87** To what extent do you agree with a 6 month time-frame for the validity of the financial risk assessment?

Please select only one item
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Please give the reasons for your answer

## Issue 5: Actions pending/following a check or assessment

#### Action an operator must take while a check or assessment is pending

#### Financial vulnerability check

We propose that a customer would be able to continue to gamble while a light touch financial vulnerability check is taking place. This is because while it is important to assess the risk of particularly financially vulnerable customers, the vast majority of customers would not have any risk flags identified as part of the check. We consider at this time that it would be disproportionate to disrupt the activity of this vast majority while a check is taking place.

At this point, we have not proposed a timeframe during which a check must be conducted. However, we would be interested in views on this. In particular, whether a longstop for turnaround of these checks should be put in place in order to guard against complacency in this context and ensure that a check is conducted promptly.

#### Financial risk assessment - immediate step upon threshold being met

Introducing assessments at the thresholds identified aims to flag risk in a timely manner, enable assessments to be conducted and action taken to reduce harms associated with gambling, where there are unusually high losses. There is a risk of significant harm should customer losses continue at a high pace while the assessment is taking place.

Nonetheless, we and government would propose to minimise disruption for customers when an assessment does take place. Indeed in the White Paper, the government stated that 'The Commission is currently working with the financial services sector to explore how more detailed checks could work in practice, and the expectation is that the majority would involve credit reference agencies and would not interrupt the customer journey unless the check raises concerns'.

Some of the ways that disruption can be minimised include:

- for the majority of customers, the information for an assessment can be gathered quickly within minutes when an assessment shows no risk flags, the process can be fully automated, and gambling can continue
- an assessment would not have to be repeated if a customer has already undergone an assessment in the previous 6 months (when their net losses have met the binge threshold or the significant losses over time threshold)
- in introducing such a requirement, we can consider transitional arrangements to minimise the disruption for individuals for example where a customer has previously provided manual information, where the operator has conducted separate AML risk assessment.

One option would be to require operators to prevent further gambling until they have been able to consider the results of the financial risk assessment and taken action upon them. This could prevent some of the harm we have seen through our casework related to binge gambling. However, not every customer who undergoes an assessment will have further risk flags identified about the gambling in their financial context. In our engagement to date, many stakeholders

considered that preventing any further gambling would disrupt the customer journey in a manner that is not proportionate to the risks.

On the other hand, if there was no limit placed on further deposits the customer could continue to deposit (potentially in a sustained binge) which could have significant negative financial and other impacts on that customer.

We are therefore proposing that until such a time as this information can be gathered, risk flags considered and any necessary action taken, operators must limit potential further harm by preventing further deposits. This enables the customer to continue gambling in line with their previous decisions to deposit funds into their account, and to continue spending winnings that they might have in their account.

We consider that requiring operators to prevent further deposits until they have been able to consider the results of the financial risk assessment and taken action upon them presents a reasonable balance between preventing the risk of significant harm to consumers and allowing the customer a reasonable customer journey.

#### Action an operator may take following a check or assessment

The purpose of the financial vulnerability check and the financial risk assessment is to obtain greater insight of financial risk at the point they are required. In relation to a financial risk assessment, this is to conduct a risk assessment about a customer who has lost an unusually high amount over a short period/ binge, or over a sustained period. This section of the consultation focuses on what operators may do with that information – in other words, the action that operators could consider following a check or assessment.

In line with our approach for wider customer interaction considerations, we do not propose to set the detailed decision-matrix that an operator would be required to follow, as this would be very detailed and may be considered to be too prescriptive. Instead we propose to set requirements on the operator to conduct a check or assessment and take appropriate action based on the customer's individual circumstances. We therefore propose that operators must use the information obtained from the checks together with all the other information they hold on a customer to assess risk of gambling harms and decide what, if any, action to take. This means that decisions would rarely be based on an individual information point.

Dependent on what the checks show combined with information already held on the customer action taken may include:

- No further action in many cases, the financial vulnerability check will show no risk flags. Similarly, following a financial risk assessment the gambling may not represent a risk flag in the context of the individual's financial situation, especially where there are no other indicators of harm
- Enhanced monitoring of account activity for further identification of further risk flags in cases where there is a low level of risk, or in combination with other actions
- Contact with the customer to discuss their gambling or encouraging a customer to set deposit limits
- Signposting to help and support, or encouraging self-exclusion

- Setting a deposit or loss limit on behalf of the customer
- Cessation of targeted marketing to customers showing strong indicators of harm
- In some cases, stopping gambling temporarily or ceasing the customer relationship

We would expect operators to use combinations of available measures in a proportionate way in response to information gathered and whether that information is aggregated or customer specific. In order for this to be effective, once risk flags are identified, we propose that decisions should be made by a member of staff rather than an automated solution. This seems to be the appropriate balance to be struck in the context of the information and data the operator will be dealing with and the menu of possibilities in terms of action. The assessment of risk would or could in this case be automated but the currently preferred approach is that the evaluation of potential outcome based on identified risk at relevant levels is done manually. We would be interested in views on this.

88 To what extent do you agree that it is proportionate that deposits and gambling may continue while a financial vulnerability check is taking place?
taking place? Please select only one item
○ Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
Please give the reasons for your answer
89 To what extent do you agree that it is proportionate that gambling
may continue while a financial risk assessment is taking place, but
that further deposits would be paused? Please select only one item
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
O Strongly disagree
Please give the reasons for your answer

90	vive have not proposed any set requirements for now quickly a
	financial vulnerability check must be completed. Do you have any
	comments on whether such requirements would be necessary?
	Comments on whether such requirements would be necessary:
- 1	

## Issue 6: Data protection considerations

The Information Commissioner's Office (ICO) has been working with the government and the Gambling Commission to support the delivery of this new system of financial risk checks, and in July 2023, they published **information confirming that data can be shared with gambling operators** <a href="https://ico.org.uk/about-the-ico/mediacentre/news-and-blogs/2023/07/ico-backs-new-data-sharing-schemes-to-protect-gamblers-from-harm/">https://ico.org.uk/about-the-ico/mediacentre/news-and-blogs/2023/07/ico-backs-new-data-sharing-schemes-to-protect-gamblers-from-harm/</a> for the purpose of conducting these financial risk checks, but it must be done transparently and proportionately.

The ICO's advice will help inform the next steps of this work with the financial and other sectors that provide data which is incorporated into the credit reference system. This includes working with the credit reference agencies on the requirement to conduct Data Protection Impact Assessments (DPIAs) and on the transparency steps that the financial sector would take, such as including content in Privacy Notices in the normal course of business.

As part of ensuring that the system can be implemented in line with the ICO's recommendations, we set out in this consultation the following data protection and transparency controls that would apply to remote gambling operators:

- The proposed requirements set out clear restrictions on how operators can use the data which is only to consider the risk to the customer to fulfil their regulatory requirements. This would reiterate that gambling operators cannot use the data provided from either a frictionless financial risk assessment or manually provided data for commercial purposes such as marketing. This is sometimes described as 'wealth screening' in order to target marketing and potentially valuable customers, and the use of data for such purposes would be strictly prohibited.
- The proposed requirements specify that gambling operators must be transparent to all their gambling customers on the use of data by being transparent to all customers, this reduces friction for consumers later in the process and enables them to make choices about gambling in advance. While necessary to be transparent with all customers it would be reasonable to explain that the requirements would only impact a small subset of customers.

While operators are responsible for data protection in their organisations and will need to take their own advice, we consider that these controls will help support their compliance with data protection principles and the ICO's recommendations.

This consultation is focussed solely on the sharing of financial risk data for safer gambling and harm prevention purposes. In the future there may also be an opportunity to further support operators' compliance with their regulatory obligations, such as anti-money laundering requirements, following a review of the data sharing arrangements for this purpose.

Draft requirement for financial risk assessment

**Proposed new Social Responsibility Code 3.4.5** Enhanced financial risk assessments to inform customer interaction decision making

Applies to: All remote licences, except any remote lottery licence the holder of which does not provide facilities for participation in instant win or high frequency lotteries1, remote gaming machine technical, gambling software, host, ancillary remote bingo, ancillary remote casino, ancillary remote betting, remote betting intermediary (trading rooms only) and remote general betting limited licences.

## SR Code 3.4.5 Enhanced financial risk assessments to inform customer interaction decision making

- 1. Licensees must obtain information to support their understanding of financial risk for an individual customer and therefore overall risk to that customer, where a customer's net loss during a relevant period exceeds any of the following thresholds:
- a. For customers 25 years of age and over at the point at which the threshold is reached, the thresholds are:
  - £1,000 in a relevant period of a rolling 24 hours, and
  - £2,000 in a relevant period of a rolling 90 days.
- b. For customers under 25 years of age at the point at which the threshold is reached, the thresholds are:
  - £500 in a relevant period of a rolling 24 hours, and
  - £1,000 in a relevant period of a rolling 90 days.
  - 2. For the purposes of the thresholds at paragraph 1:
- a. a net loss is defined as the stake and loss within the relevant period of deposited funds with a particular operator. This does not include the following:
  - the loss of accrued bonus funds, or
  - the loss of restaked winnings during the relevant time period.
- b. a net loss may also take into account the net position of a customer who was in an overall net positive position in the period immediately preceding the relevant time period. A period immediately preceding a relevant period means:
  - 7 days for a relevant period of a rolling 24 hours, or
  - 90 days for a relevant period of a rolling 90 days.
  - 3. Licensees must consider the results of the financial risk assessment and take any proportionate action necessary before they allow any further deposits.
  - 4. Licensees must obtain data from a provider, or obtain a risk assessment from a provider, which includes:

- a. credit performance data, and
- b. income and expenditure data, including current account turnover data.
- 5. In circumstances where a financial risk assessment at the minimum standard set out in paragraph 4 cannot be provided, licensees must obtain information about income and expenditure of the customer to help support their understanding of financial risk, for example, through open banking or the direct provision of information from the customer.
- 6. Licensees must be transparent by informing all customers that they will obtain information from third parties to support their understanding of financial risk. This must be provided in addition to more general references to obtaining and using such information included in Privacy Notices and terms and conditions in accordance with the requirements of data protection legislation.
- 7. In line with data protection principles, licensees must only use the data obtained pursuant to paragraphs 4 and 5 above to consider the risk to the customer and decide what proportionate action to take and it must not be used for any other purpose.
- 8. Licensees must consider the financial risk information they obtain, together with all of the other information they know about the customer and are permitted to use, in order to assess risk and take proportionate action if risk is identified. When potential risk is identified, the decision about what action to take must be made manually rather than solely by automated means. The rationale for the decision on proportionate action must be recorded.
- 9. The licensee is not required to conduct a financial risk assessment under this code at the point when the customer reaches a relevant threshold, if the operator has previously conducted a financial risk assessment within the previous six months.

91	Please provide any views you may have on the best way for gambling operators to inform customers about the potential
	collection of their financial data for these purposes.

**92** What feedback do you have on the requirement on operators for manual review of the assessment data, together with all of the other information they hold on the customer to make a proportionate decision on any action to be taken?

<ul> <li>93 Does paragraph 7 of the proposed requirement 3.4.5 (enhanced financial risk assessment) which confirms that operators can only use the information collected for the purpose of the assessment, provide sufficient clarity that the information must not be used for any other purpose?</li> <li>Please select only one item</li> <li>Yes</li> <li>No</li> </ul>	
In part  Please give the reasons for your answer	

## Proposed new provision - financial vulnerability check

We propose to include the new codes for these measures in the Customer Interaction section of LCCP. This is to demonstrate that while we are proposing new specific requirements on operators in relation to financial risk, operators should be embedding the information obtained within their overall approach of identifying risk of harm and taking action to prevent harm. This is particularly relevant as the proposals from this consultation should be seen as part of a wider set of controls which identify customers at risk of harm. Indeed, the proposals should also be seen as part of a set of controls which apply at each stage of the customer journey. In our recent consultation on remote customer interaction guidance, we highlighted that guidance associated with the customer interaction requirements in 3.4.3 would need to be further amended once this consultation has closed. We will consider how to take this forward following consideration of the responses to this consultation.

The proposed wording of the financial vulnerability check SR code is outlined below.

**Proposed new Social Responsibility Code 3.4.4** financial vulnerability check to inform customer interaction decision making

Applies to: All remote licences, except any remote lottery licence the holder of which does not provide facilities for participation in instant win or high frequency lotteries1, remote gaming machine technical, gambling software, host, ancillary remote bingo, ancillary

remote casino, ancillary remote betting, remote betting intermediary (trading rooms only) and remote general betting limited licences.

- 1. Licensees must undertake a financial vulnerability check where a customer's net loss exceeds any of the following thresholds:
  - a. £125 in a rolling 30-day period
- b. £500 in a rolling 365-day period
- 2. For the purposes of these thresholds net loss is defined as: the loss of deposited money with a particular operator. This does not include the loss of restaked winnings or the loss of accrued bonus funds.
- 3. A financial vulnerability check must include at a minimum a customer-specific public record information check for significant indicators of potential financial vulnerability. The check must include whether the customer is subject to any of the following:
- a. bankruptcy order, or equivalent, or
- b. county court judgment (CCJ), an individual voluntary arrangement (IVA); high court judgment (HCJ); administration order (AO) or decree, or equivalent.
- 4. A financial vulnerability check must combine information from the customer together with public and geodemographic data which may flag potential financial risk, including:
- a. information about the postcode area (such as deprivation index), and
- b. information about the average salary for the customer's stated employment status and job title.
- 5. Licensees must:
- a. consider the financial risk information they obtain, together with all of the other information they know about the customer and are permitted to use, in order to assess risk,
- b. take proportionate action when risk is identified,
- e. where taking a decision for proportionate action, make the decision manually rather than solely by automated means, and
- d. record the rationale for the decision on proportionate action.
- 6. The licensee is not required to conduct this financial vulnerability check at the point when the customer reaches a relevant threshold, if the operator has previously conducted a financial vulnerability check or a financial risk assessment within the previous 12 months.

## Proposed new provision - financial risk assessment

The proposed wording of the new social responsibility code which would introduce the new requirement to conduct financial risk assessments is outlined below:

**Proposed new Social Responsibility Code 3.4.5** Enhanced financial risk assessments to inform customer interaction decision making

Applies to: All remote licences, except any remote lottery licence the holder of which does not provide facilities for participation in instant win or high frequency lotteries1, remote gaming machine technical, gambling software, host, ancillary remote bingo, ancillary remote casino, ancillary remote betting, remote betting intermediary (trading rooms only) and remote general betting limited licences.

## SR Code 3.4.5 Enhanced financial risk assessments to inform customer interaction decision making

- 1. Licensees must obtain information to support their understanding of financial risk for an individual customer and therefore overall risk to that customer, where a customer's net loss during a relevant period exceeds any of the following thresholds:
- a. For customers 25 years of age and over at the point at which the threshold is reached, the thresholds are:
- £1,000 in a relevant period of a rolling 24 hours, and
- £2,000 in a relevant period of a rolling 90 days.
  - b. For customers under 25 years of age at the point at which the threshold is reached, the thresholds are:
- £500 in a relevant period of a rolling 24 hours, and
- £1,000 in a relevant period of a rolling 90 days.
  - 2. For the purposes of the thresholds at paragraph 1:
  - a. a net loss is defined as the stake and loss within the relevant period of deposited funds with a particular operator. This does not include the following:
- the loss of accrued bonus funds. or
- the loss of restaked winnings during the relevant time period.
  - b. a net loss may also take into account the net position of a customer who was in an overall net positive position in the period immediately preceding the relevant time period. A period immediately preceding a relevant period means:
- days for a relevant period of a rolling 24 hours, or
- 90 days for a relevant period of a rolling 90 days.
  - 3. Licensees must consider the results of the financial risk assessment and take any proportionate action necessary before they allow any further deposits.
  - 4. Licensees must obtain data from a provider, or obtain a risk assessment from a provider, which includes:
  - a. credit performance data, and

b. income and expenditure data, including current account turnover data.

- 5. In circumstances where a financial risk assessment at the minimum standard set out in paragraph 4 cannot be provided, licensees must obtain information about income and expenditure of the customer to help support their understanding of financial risk, for example, through open banking or the direct provision of information from the customer.
- 6. Licensees must be transparent by informing all customers that they will obtain information from third parties to support their understanding of financial risk. This must be provided in addition to more general references to obtaining and using such information included in Privacy Notices and terms and conditions in accordance with the requirements of data protection legislation.
- 7. In line with data protection principles, licensees must only use the data obtained pursuant to paragraphs 4 and 5 above to consider the risk to the customer and decide what proportionate action to take and it must not be used for any other purpose.
- 8. Licensees must consider the financial risk information they obtain, together with all of the other information they know about the customer and are permitted to use, in order to assess risk and take proportionate action if risk is identified. When potential risk is identified, the decision about what action to take must be made manually rather than solely by automated means. The rationale for the decision on proportionate action must be recorded.
- 9. The licensee is not required to conduct a financial risk assessment under this code at the point when the customer reaches a relevant threshold, if the operator has previously conducted a financial risk assessment within the previous six months.

A high frequency lottery is a lottery in which any draw takes place less than one hour after a draw in a previous lottery promoted on behalf of the same non-commercial society or local authority or as part of the same multiple lottery scheme.

## Issue 7: Considerations associated with implementation

In this consultation, we seek views on the timetable and steps that would be necessary for careful implementation of this new system. We wish to see progress at pace for implementation of new measures to protect customers at risk of harm. However, we are aware that there will need to be some time for both credit reference agencies and gambling operators to develop systems, pilot approaches and consider ways of communicating to customers.

In the first instance, it may be appropriate for pilot approaches that operate in a secure environment and only make use of live customer data when some initial testing has taken place.

In order to facilitate live data pilots, data protection controls would need to be in place. Therefore, if following consultation we proceed to introduce these measures, we would intend to introduce the elements of the code related to data protection so that this was in place before credit reference agencies and operators started to trial their systems and processes with actual customer data. In other words, we would introduce those parts of the requirement relating to data protection first to ensure that data is protected during any live trials. During such trials, the requirements for operators to take action may not yet apply, or may apply partially.

We are conscious that in the first period of full implementation, there may be a higher number of checks required than there would be over time. We are open to considering transitional approaches to implementation. For example, if a customer has previously provided payslips or other information to support an AML risk assessment or safer gambling check, it may be appropriate to allow longer for a financial risk assessment to take place once a threshold has been met.

Detail about the implementation approach would be provided following a post-consultation decision to proceed.

It is clearly important that operators would have appropriate record-keeping to support their ongoing processes, evaluation as required by social responsibility code 3.4.3 and to enable compliance assessment by the Commission. We are also interested in views on whether there should be specific appropriate record-keeping requirements in place.

Summary of overall proposals

	all summary of p				
Key financial risk for consumers	Category of assessment	Proposed thresholds for consultation – 25 and over	Proposed thresholds for consultation – under 25	Proposed net loss definition	Notes – other key aspects of proposals
Significant financial vulnerability e.g. bankruptcy	Light touch check using public data, and some aggregated data	£125 net loss per rolling 30 days or £500 per rolling 365 days	£125 net loss per rolling 30 days or £500 per rolling 365 days	Loss of deposited monies with an operator, not counting restaked winnings or bonus funds	Check need not be repeated within 12 months  Gambling and deposits may continue while check taking place  General data protection considerations apply
Binge gambling	Enhanced assessment	£1000 net loss per rolling 24- hour period	£500 net loss per rolling 24-hour period	As above. In addition, positive net position in preceding 7 days may be taken into account	Check need not be repeated within 6 months  Gambling may continue, further deposits halted  Particular requirements for data protection considerations
Significant losses over time	Enhanced assessment	£2000 net loss in rolling 90 days	£1000 net loss in rolling 90 days	As above. In addition, positive net position in preceding 90 days may be taken into account	Check need not be repeated within 6 months  Gambling may continue, further deposits halted  Particular requirements for data protection considerations

timeline and piloting?
<b>95</b> Do you consider that there should be any specific appropriate recordkeeping requirements?  Please select only one item
Ves Control of the c
○ No
Please give the reasons for your answer

## Equalities considerations (financial risk and vulnerability)

The Commission is committed to giving consideration to potential equalities impacts, having regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

Our key overarching equalities considerations are the demographics of gamblers, the demographics of where harm is most experienced and the possible unintended adverse equalities impacts.

As part of providing advice to government as part of the Review of the Gambling Act 2005, we considered the evidence relating to harms. We stated that 'we know that some people are more likely to experience harm than others, including those who engage in multiple activities, men, those with probable mental health issues and players with the highest gambling expenditure. Whilst adults may be in a vulnerable situation at any age, young adults may in particular be additionally vulnerable to gambling related harms due to a combination of biological, situational and environmental factors. In a 2018 analysis of the Avon Longitudinal Study of Parents and Children (ALSPAC) (PDF) <a href="https://www.begambleaware.org/sites/default/files/2020-12/gambling-and-problem-gambling-among-young-adults-revision-10818-final-publish-002.pdf">https://www.begambleaware.org/sites/default/files/2020-12/gambling-and-problem-gambling-among-young-adults-revision-10818-final-publish-002.pdf</a>, young adults were found to be most at risk of falling into problem gambling around the age of 20 to 21. This is a time when many young adults are adjusting to new freedoms such as moving out of home and managing their own finances.'

Similarly, the white paper noted that 'According to NatCen's Patterns of Play dataset, gambling participation is roughly evenly distributed across the different deciles of the Index of Multiple Deprivation. However, PHE report that harmful gambling is more prevalent in people who are

unemployed and living in more deprived areas. According to the Patterns of Play data, total online gambling spend is 43% higher from the most deprived decile than the least deprived decile, and it's 73% higher specifically on gaming products (which are generally higher risk).'

The proposals in this consultation include consideration of where people are more likely to experience harm than others and target proposals where we consider it proportionate to the associated risks. This approach is designed to build in equalities considerations to our proposals. In relation to the financial risk assessments and financial vulnerability checks, there are two key aspects for consideration:

- Our proposals in this section of the consultation include requirements to conduct financial risk assessments at lower thresholds for young adults to identify risk in a manner appropriate for this age group, taking account of the increased risk of harm. This proposal is based on building risk assessment thresholds at levels which take into account the risks for this demographic and the evidence relating to the three key data themes: the evidence on problem gambling rates and harm, the evidence on discretionary income for this age group and the evidence on the proportion of customers that would be identified at the proposed thresholds. On this latter theme, we will be progressing work alongside this consultation to get more granular detail about the proportion of accounts held by young adults which would be identified by the proposed thresholds and applying the definitions set out in the white paper.
- Our proposals in this section of the consultation include requirements relating to financial risk assessments which take account of the customer's financial circumstances and therefore considers risk of deprivation and financial vulnerability. In this case, we considered whether inclusion of deprivation could have a disproportionate impact for customers with protected characteristics, to the extent that the evidence may indicate any link between deprivation and protected characteristics. Action following a check or assessment is based on the risk assessment for an individual customer, taking into account the customer's pattern of spend, all different types of indicators of harm that may be present (such as chasing losses or failed payments), possible indicators of financial vulnerability (such as bankruptcy) and in the case of financial risk assessments information about their particular financial circumstances. In our assessments to date, we consider that customers living in areas of deprivation are therefore considered based on their specific circumstances, and are not disproportionately affected, even if some areas of deprivation are more closely linked to groups of customers of different demographics.

Our proposals for young adults are designed to reduce harm and are based on the risk factors for this age group, and we consider should have a positive equalities impact.

We are not aware of any significant adverse equalities impacts from these proposals. However, we ask specific questions in this section of the consultation to explore potential equalities effects and we welcome responses on these issues.

#### Relevant links

Equality Act 2010 <a href="https://www.legislation.gov.uk/ukpga/2010/15/contents">https://www.legislation.gov.uk/ukpga/2010/15/contents</a>

96 Do you have any evidence or information which might assist the Commission in considering any equalities impacts, within the meaning of section 149 of the Equality Act 2010, in the context of the proposals set out in this section of the consultation relating to light touch financial vulnerability checks and enhanced financial risk

assessments?
Impact assessment
The government's white paper included analysis of the impact of proposed financial risk
assessments and financial vulnerability checks based on the thresholds and definitions set out in
the white paper. The impact assessment is set out in Annex A of the white paper <b>High Stakes</b> :
Gambling Reform for the Digital Age (publishing.service.gov.uk)
<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1153228/1286-HH-E02769112Gambling_White_Paper_Book_Accessible1.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1153228/1286-HH-E02769112Gambling_White_Paper_Book_Accessible1.pdf</a>
The methodology to estimate possible Gross Gambling Yield reduction due to the checks is based on the following three metrics:
<ul> <li>how many accounts would be impacted by the checks at our proposed thresholds, and the GGY contributed by those accounts</li> </ul>
<ul> <li>how much GGY is derived from spending that occurs before the customer hits our proposed check thresholds</li> </ul>
<ul> <li>expected drop in GGY due to reduced spending above a check threshold (factoring reasonable assumptions about how many checks would flag concerns and likely customer behaviour in response to checks</li> </ul>
Alongside this consultation we will seek data from the industry in order to be able to update and
refine our consideration of impact assessment. We also seek views as part of this consultation on
the estimated impact of the proposals, and in particular on the assumptions underpinning the
impact assessment set out in Annex A of the white paper.
Relevant links
High Stakes: Gambling Reform for the Digital Age (publishing.service.gov.uk)
<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file</a>
1153228/1286-HH-E02769112Gambling_White_Paper_Book_Accessible1.pdf>
97 If you have relevant information, please provide an estimate of the direct costs associated with implementing the light touch financial vulnerability check.

	risk assessment.
99	Do you have any comments on the assumptions underpinning the
	impact assessment set out in Annex A of the white paper?
	impact assessment is set out in Annex A of the white paper High Stakes: Gambling Reform for the Digital Age (publishing.service.gov.uk)
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## **Extending Personal Management Licences requirements**

Gambling licensees must ensure that an employee holds a personal management licence (PML) if they are responsible for one of the 'specified management offices' defined in Licence Condition 1.2.1. We are consulting on changes to this licence condition which would both clarify and extend the roles captured by this definition.

Our proposed changes would mean that more individuals within a licensee would be required to hold a PML before they could do their job, and the licensee must ensure this. This would be a way of driving personal accountability and responsibility, and a means of making sure we have adequate regulatory reach over individuals when failures are found.

## Background and overview

Under the current Licence Conditions and Codes of Practice (LCCP) requirements, an employee must hold a PML if they are responsible for one or more of the following functions at a licensee:

- The overall management and direction of the business
- The licensee's finance function as head of that function
- The licensee's gambling regulatory compliance function as head of that function
- The licensee's marketing function as head of that function
- The licensee's information technology function as head of that function in so far as it relates to gamblingrelated information technology and software
- Oversight of the day-to-day management of the licensed activities at an identified number of premises licensed under part 8 of the Act or across an identified geographical area
- Oversight of the day-to-day management of a single set of bingo and/or casino licensed premises

The above are known as 'specified management offices' and are defined in licence condition 1.2.1.

The objective of the licensing regime is to ensure that individuals who hold certain responsibilities within a licensee are suitable to do so. The holder of a PML must renew it every five years and we have the power to suspend or revoke these licenses if necessary.

We are consulting on changes to Licence Condition 1.2.1 (Specified management offices – personal management licences) to achieve increased PML coverage within licensees and to ensure clarity. This means that more employees of a licensee would be required to hold a PML. Our proposed changes would both clarify and extend the responsibilities currently captured within the definition of 'specified management offices'.

## Why are we consulting?

We are concerned that, historically, a high number of our enforcement cases involve repeated failures by the same licensee, resulting in an escalation of our action. In cases over the last five years, eleven licensees have been subject to enforcement action multiple times. The majority of these cases relate to similar, repeated failings linked to anti-money laundering and social responsibility. By increasing the personal accountability of individuals within a licensee, we seek to

reduce this risk. This also supports our wider work to raise standards, including through tough enforcement action at operator level.

The increased PML coverage would be a way of driving personal accountability and responsibility, allowing the Commission to take necessary action against individual (personal) licensees when failures are found.

There is an appropriate balance to strike. One option would be to make it compulsory for each member of a licensee's Board to hold a PML. However, this could have the unintended result of diluting accountability and therefore make it harder to take action against an individual (personal) licensee. We consider that the proposals set out here would result in appropriate PML coverage across the licensee's business, while maintaining its stability if we took regulatory action against individuals.

## Details of the proposal

We are required by the Gambling Act 2005 (the Act) to set licence conditions to make sure that within each licensee, at least one person occupies a 'specified management office' and holds a personal licence authorising them to perform the functions of that office. The definition of 'management office' in the Act includes anyone who is required to take or share responsibility for either the conduct of someone who performs an operational function in connection with the licensed activity; or for facilitating or ensuring compliance with the terms or conditions of the operating licence.

The definitions within the Act are broad and could apply to a wide range of management responsibilities within a licensee. We propose amendments to our licence condition to clarify which management offices require a PML. For example, we consider that a licensee's CEO or equivalent is already captured and required to hold a PML due to the 'specified management offices' in Licence Condition 1.2.1 (2)(a). We propose amendments to make this requirement even more explicit. We also propose that the person with responsibility for chairing the Board of an organisation (where the licensee has such a body) should require a PML, in order to ensure that those responsible for scrutiny, strategy and leadership at the most senior level within the organisation hold a personal licence.

We also propose to explicitly capture those responsible for anti-money laundering and counter terrorist financing, including money laundering reporting officers (MLRO) and nominated officers (NO) as ones where the individual must hold a PML. Again, we consider these should already be captured under the definition of 'management office', because the person is taking or sharing responsibility for "facilitating or ensuring compliance with terms or conditions of the operating licence" under section 80(5) of the Gambling Act 2005. However, we want to make this requirement clear.

Casinos are legally required to appoint a NO. The NO's responsibility is to consider any suspicious activity in the business that might amount to or be linked to money laundering or terrorist financing and, if necessary, report it. All other gambling operators have a choice about whether they appoint

a NO, although our guidance recommends that non-casino licensees appoint one (sometimes also known as a Money Laundering Reporting Officer (MLRO) within businesses) to submit suspicious activity reports to the National Crime Agency.

The current position where those responsible for anti-money laundering and counter terrorist financing are not explicitly required to hold a PML means that it is possible for persons holding those positions to not meet our expected standards of suitability, competency and integrity. If one of those individuals failed to comply with statutory regulation, the LCCP or our guidance, we would therefore have limited options available to take regulatory action against them. This also means those individuals could move around within the industry, with the risk of poor practice moving with them to another licensee.

Following some recent enforcement activity, we have set individual licence conditions for the relevant licensee requiring that AML training is conducted, which tackles the risks within that individual operator. The condition proposed here requires all relevant individuals with AML responsibilities to hold a PML, which would reduce that risk across the industry.

The group structures in which licensees operate vary and sometimes it may be appropriate for the CEOs and Directors of parent companies or subsidiaries in the group to hold PMLs too. This will depend on how these companies interact with the licensee and the influence they have over it. Information on group structure, licensee interaction and influence is assessed during the process for licence application and during change of corporate control licence applications, and can be assessed at any other time.

Based on the information provided at any of these points, we would take a view on a case-by-case basis as to which individuals would need to hold a PML.

We consider that the proposed amendment to Licence Condition 1.2.1, as set out below, would reinforce our expectations over which roles require a PML, and would make sure there is adequate personal coverage and accountability in each licensee's business.

#### Proposed amendments to Licence condition 1.2.1

Proposed new text is underlined, and deleted text is struck through. Note that a proposed new requirement (b) has been inserted in the list under paragraph 2, which would amend the numbering of subsequent items in the list.

\_\_\_\_\_

Proposed changes to provision

#### 1.2.1 – Specified management offices – personal management licences

Applies to: All casino, bingo, general and pool betting, betting intermediary, gaming machine general, gaming machine technical, gambling software and lottery managers licences, except ancillary remote licences

- 1. Subject to 6 and 7 below, licensees must ensure that:
- a. each individual who occupies one of the management offices specified in 2 below in respect of the licensee or in connection with the licensed activities holds a personal licence authorising the performance of the functions of that office (hereafter 'a personal management licence'); and
- b. <u>for each office specified at paragraph 2</u>, at least one person occupies <del>at least one of those offices</del> that office
- 2. The specified management offices are those offices (whether or not held by a director in the case of a licensee which is a company, a partner in the case of a licensee which is a partnership or an officer of the association in the case of a licensee which is an unincorporated association) the occupier of which is by virtue of the terms of their appointment responsible for:
- a. the overall management and direction of the licensee's business or affairs (this is likely to

be the Chief Executive Officer, Managing Director or equivalent)

- b. chairing the Board (where the licensee has such a body)
- c.the licensee's finance function as head of that function
- d. the licensee's gambling regulatory compliance function as head of that function
- e. the licensee's marketing function as head of that function
- f. the licensee's information technology function as head of that function in so far as it relates to gambling-related information technology and software
- g. oversight of the day-to-day management of the licensed activities at an identified number of premises licensed under Part 8 of the Act or across an identified geographical area
- h. in the case of casino and bingo licences only, oversight of the day-to-day management of a single set of premises licensed under Part 8 of the Act, and
- i. the licensee's anti-money laundering and counter-terrorist financing function as head of that function his is likely to include the following:

- a. for holders of casino licences, the person responsible for compliance with the relevant regulations (and appointed in accordance with those regulations); and the person responsible for submission of reports of known or suspected money laundering or terrorist financing activity under the relevant legislation (and appointed in accordance with the relevant regulations);
- <u>b.</u> <u>for holders of licences other than casino licences, where an individual has been appointed to submit reports of known or suspected money laundering or terrorist financing activity under the relevant legislation, that individual.</u>
- 3. The person responsible for the licensee's gambling regulatory compliance function as head of that function shall not, except with the Commission's express approval, occupy any other specified management office.
- 4. Licensees must take all reasonable steps to ensure that anything done in the performance of the functions of a specified management office is done in accordance with the terms and conditions of the holder's personal management licence.
- 5. Where an individual is authorised by a personal licence and that licence comes under review under section 116(2) of the Act, the operating licensee must comply withany conditions subsequently imposed on that licence by the Commission about redeployment, supervision, or monitoring of the individual's work and any requirements of the Commission in respect of such matters applicable during the period of the review.
- 6. Paragraphs 1 to 5 above shall not apply to a licensee for so long as the licensee is a 'small-scale operator' as defined in the Gambling Act 2005 (Definition of Small scale Operator)
  Regulations 2006 ('the Regulations').
- 7. During the period of 3 years commencing with the date on which a licensee ceases to be a small-scale operator paragraphs 1 to 6 above shall apply subject to the proviso that the phrase 'each individual' in paragraph 1a shall not include any individual who was a 'qualified person' (as defined in the Regulations) in relation to the licensee 28 days immediately prior to the licensee ceasing to be a small-scale operator.

#### In this licence condition:

- 'the relevant regulations' refers to The Money Laundering, Terrorist Financing and Transfer of Funds (Information on Payer) Regulations 2017 or any UK Statutory Instrument by which those regulations are amended or superseded
- 'the relevant legislation' refers to the Proceeds of Crime Act 2002 and Terrorism Act 2000.

102 To what extent do you agree with the proposed clarification to the requirement for a CEO, Managing Director or equivalent to hold a PML?

Plea	use select only one item
$\subset$	Strongly agree
()	Agree
$\tilde{\bigcirc}$	Neither agree nor disagree
$\tilde{\cap}$	Disagree
$\preceq$	Strongly disagree
$\cup$	
10	3 To what extent do you agree with the proposal that for
	organisations with a Board, the person responsible for chairing the Board should hold a PML?
Plea	ise select only one item
	) Strongly agree
$\sim$	
$\sim$	Agree
$\sim$	Neither agree nor disagree
	Disagree
	Strongly disagree
10	4 To what extent do you agree with the proposal that the person
	responsible for the licensee's anti-money laundering and counterterrorist financing function as head of that function should
	hold a
	PML?
Plea	ase select only one item
$\subset$	) Strongly agree
$\subset$	Agree
$\subset$	Neither agree nor disagree
$\tilde{}$	) Disagree
$\tilde{}$	Strongly disagree
$\sim$	ottorigiy disagree
10	5 Do you have any comments relating to which employees within a
	gambling business should be required to hold a PML?
10	6 Do you have any comments about implementation issues,
	timelines and practicalities?

107 Please provide an estimate of the direct costs associated with implementing these proposals.

Equalities considerations (Personal Management Licences) The Commission is committed to giving consideration to potential equalities impacts, having regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
The Commission does not currently consider that the proposals in this section of the consultation give rise to known negative impacts in the context of the above objectives. This position will be kept under review. We would welcome views in relation to the same.
Relevant links <b>Equality Act 2010</b> <a href="https://www.legislation.gov.uk/ukpga/2010/15/contents">https://www.legislation.gov.uk/ukpga/2010/15/contents</a>
108 Do you have any evidence or information which might assist the Commission in considering any equalities impacts, within the meaning of section 149 of the Equality Act 2010, in the context of any proposal considered in this consultation?
Attaching additional information If you have any further documents in support of your response to this section of the consultation on personal management licences, please use the 'choose file' button below
109 Attaching additional information Please attach a copy of any documents you wish to include to this printout.
Consultation section completed
110 You have now reached the end of this section of the consultation on personal management licences. Please select either to return to the consultation home page to respond to a different topic or if you have finished select 'finished'. (Required) Please select only one item Consultations home page Finished

## Changes to Regulatory Panels

## Summary of proposal

Through effective licensing and regulatory enforcement, the Gambling Commission ("the Commission") aims to protect consumers and the wider public, and to raise standards in the gambling industry.

Regulatory decisions about licence applicants and licensees are made at different levels within the Commission. If applicants and licensees disagree with the initial opinion of Commission officials, in certain circumstances they can request the Commission's decision is made by the Regulatory Panel ("the Panel"). Commission officials can also escalate a decision to the Panel. For personal licensees, or applicants for personal licences, decisions can be escalated to a Director's Hearing.

The Commission's aim is to maintain the opportunity for licensees and applicants to escalate the level of seniority at which decisions about them will be made within the Commission. We seek to do so in a way which meets our stated aim in the Statement of Principles for licensing and regulation (SoP) that decisions should be made at the most junior appropriate level, and the objective of the **Regulator's Code** 

<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\_data/file/913510/14-705-regulators-code.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\_data/file/913510/14-705-regulators-code.pdf</a> to do so without imposing an unnecessary regulatory burden on applicants and licensees.

Changes in the gambling market and movements in regulation have led to some cases become increasingly complex, whilst other simpler matters are managed through processes developed with legally-represented entities in mind. The Commission has found that existing processes could be refined to improve the experience of all parties; licensees and applicants, and the Commission.

#### We are proposing two changes:

The first is the quorum and composition of the Panel, where we propose to move from a Panel made up of two or three Commissioners to a Panel chaired by a legally qualified Adjudicator sitting alongside one Commissioner and one member of senior Commission staff. The Adjudicator would also sit alone to decide on case management matters, and in personal licensing decisions, which are currently heard by an Executive Director sitting alone (known as Director's Hearings).

The second change is to introduce paper-based decisions as the default for most issues coming to Panel. Licensees and applicants would be able to request an oral hearing before the Panel, and the Panel would make the final decision on the format of the hearing. A Panel may also decide that an oral hearing is required. The proposed test will be where fairness requires an oral hearing. For example, a hearing would likely be convened where there were material and significant disputes of fact, or where a licensee is unable to effectively communicate their case in writing. This proposal would also apply to personal licence decisions (currently known as Director's Hearings).

These proposals would make changes to the documents which govern the Commission's approach to regulatory decision making. These documents are:

- the Statement of Principles Licensing and Regulation
   <a href="https://www.gamblingcommission.gov.uk/policy/statement-of-principles-for-licensing-and-regulation">https://www.gamblingcommission.gov.uk/policy/statement-of-principles-for-licensing-and-regulation</a>
   (SoP)
- Licensing, compliance, and enforcement under the Gambling Act 2005: Policy statement <a href="https://www.gamblingcommission.gov.uk/policy/licensing-compliance-andenforcement-under-the-gambling-act-2005">https://www.gamblingcommission.gov.uk/policy/licensing-compliance-andenforcement-under-the-gambling-act-2005</a>
- Corporate Governance Framework, Appendix 6: Delegation of licensing and regulatory decisions in respect of gambling

- Licensing decisions: Procedures and guidance for licensing hearings
   <a href="https://www.gamblingcommission.gov.uk/guidance/licensing-decisions-procedures-andguidance-for-licensing-hearings">https://www.gamblingcommission.gov.uk/guidance/licensing-decisions-procedures-andguidance-for-licensing-hearings</a>
- Regulatory decisions: Procedures and guidance for regulatory hearings
   <a href="https://www.gamblingcommission.gov.uk/guidance/regulatory-decisions-procedures-andguidance-for-regulatory-hearings">https://www.gamblingcommission.gov.uk/guidance/regulatory-decisions-procedures-andguidance-for-regulatory-hearings</a>

The proposed changes to these documents, and a proposed new document (the Adjudicator Governance Framework) are set out in this consultation document.

### Why are we considering this proposal?

The Commission has been exploring possible options for regulatory decision-making, having previously consulted on this issue in 2020, and is now presenting a range of proposals to seek views on the quorum and composition of the Panel, the decision-maker in personal licence cases, and the process by which escalated decisions will be taken.

The aims of the proposed changes are to:

- broaden the range of combined experience on Panels by blending the expertise of legally qualified Adjudicators, other senior Commission officials and non-executive Commissioners;
- enhance Commission governance and accountability by locating decisions at the most appropriate levels within the organisation;
- increasing the flexibility to convene Panels, bringing greater flexibility in scheduling and shorter waiting times for decisions: and
- reduce the costs to and burden on applicants and licensees in participating in oral hearings.

## Background

#### Paragraph 8 of Schedule 4 of the Gambling Act 2005

<a href="https://www.legislation.gov.uk/ukpga/2005/19/schedule/4/paragraph/8">https://www.legislation.gov.uk/ukpga/2005/19/schedule/4/paragraph/8</a> ("the Act") allows the Commission to delegate functions to a commissioner, a committee of one or more commissioners and one or more employees of the Commission, or an employee of the Commission.

A proposal for decisions to be referred in the first instance to a Panel of Commissioners was included in the original Statement of principles for licensing and regulation in December 2006. Arrangements for Panels and Director's Hearings were established by the Commission to provide a route for decisions to be escalated within the Commission without the immediate need to appeal to the First Tier Tribunal, which can be a lengthy and costly process for all parties.

## Appendix 6 of the Corporate Governance Framework (Delegation of Licensing and Regulatory Decisions in respect of gambling) June 2022

<a href="https://www.gamblingcommission.gov.uk/policy/corporate-governance-framework/appendix-6-delegation-of-licensing-and-regulatory-decisions">https://www.gamblingcommission.gov.uk/policy/corporate-governance-framework/appendix-6-delegation-of-licensing-and-regulatory-decisions</a> ("Appendix 6") sets out decisions which are delegated to the Panel and which can be made at a Director's Hearing.

Appendix 6 also sets out the quorum and composition of Panels. An explanation of the processes for Panels and Director's hearings are set out in **Licensing decisions: Procedures and guidance for licensing hearings** <a href="https://www.gamblingcommission.gov.uk/guidance/licensing-decisions-procedures-and-guidance-for-licensinghearings">https://www.gamblingcommission.gov.uk/guidance/licensing-decisions-procedures-and-guidance-for-licensinghearings</a> and **Regulatory decisions: Procedures and guidance for regulatory hearings** <a href="https://www.gamblingcommission.gov.uk/guidance/regulatory-decisionsprocedures-and-guidance-for-regulatory-hearings">https://www.gamblingcommission.gov.uk/guidance/regulatory-decisionsprocedures-and-guidance-for-regulatory-hearings</a>.

Panels are composed of a minimum of two, but more usually three, Commissioners, supported by an independent legal adviser. The Panel makes the Commission's decision on individual licensing and regulatory matters, subject to the delegations outlined below, where either the applicant or licensee, or the Commission, has asked for the decision to be escalated to the Panel.

Director's Hearings are convened in cases where a personal licensee or an applicant for a personal licence requests that the Commission's decision is escalated to an executive director, supported by an independent legal adviser. The decisions which can be taken at a Director's Hearing are outlined below.

The following decisions relating to the Act may be referred to the Panel:

- Determination of applications for operating licences under section 69, including the attachment of any condition under section 77 required to define the category of operating licence
- Imposition of a condition attached to a licence under section 77 (including that section applied by section 128) specific to the licensee.
- Determining an application under section 102(2)(b) that the operating licence shall continue to have effect following a change of corporate control; or alternatively that the licence should be revoked.
- Determination of an application to vary a licence under section 104
- Deciding whether an operating licence should be revoked under section 119(2) on the grounds that: the licensee has failed to comply with a requirement of regulations under section 101 (notification of change of circumstances); or the licensee has failed to submit the licence to the Commission for amendment in accordance with section 105 (amendment).
- Deciding whether an operating licence has lapsed on the grounds that the licensee is incapable of carrying on the licensed activities by reason of mental or physical incapacity per section 114(1)(b).
- A Director/Head of Function or above may take the decision to suspend a licence under section 118(2), on the grounds that the Commission suspects that any of the conditions specified in section 120(1) applies. The Panel may review the decision to suspend the licence.
- Deciding whether or not to:

- o issue a warning to the licensee under section 117(1)(a);
- o attach an additional condition under section 77;
- o remove or amend a condition under section 77;
- o exercise the power to suspend a licence under s118(1) on the grounds that the Commission thinks that any of the conditions of section 120(1) applies;
- o exercise the power to revoke a licence under section 119(1) on the grounds that the Commission thinks that any of the conditions of section 120(1) applies;
- o impose a financial penalty under section 121
- Deciding to disapply the stay pending appeal under section 145.

The following decisions in relation to the Act may be made at a Director's Hearing:

- Determination of applications for personal licences under section 69
- Imposition of a condition attached to a licence under section 77 (including that section applied by section 128) specific to the licensee
- Determination of an application to vary a personal licence under section 104
- Deciding whether a personal licence should be revoked under section 119(2) on the grounds that: the licensee has failed to comply with a requirement of regulations under section 101 (notification of change of circumstances); or the licensee has failed to submit the licence to the Commission for amendment in accordance with section 105 (amendment).
- Determination of a request that the five-week period under section 102(5) should be extended after it expires under section 102(6)(b)
- Deciding whether a personal licence has lapsed on the grounds that the licensee is incapable of carrying on the licensed activities by reason of mental or physical incapacity per section 114(1)(b).
- Determination of an application for a single-machine supply and maintenance permit under section 250 of the Gambling Act 2005
- Deciding whether or not to:
  - o issue a warning to the licensee under section 117(1)(a);
  - o attach an additional condition under section 77;
  - o remove or amend a condition under section 77;
  - o exercise the power to suspend a licence under s118(1) on the grounds that the Commission thinks that any of the conditions of section 120(1) applies;
  - o exercise the power to revoke a licence under section 119(1) on the grounds that the Commission thinks that any of the conditions of section 120(1) applies;
  - o impose a financial penalty under section 121.

The regulatory decision-making process which was developed and included in the initial Statement of principles has remained largely unchanged. Minor adjustments have been made and following repeated review by Board, a consultation was carried out in 2020.

The consultation on Panels ("the 2020 consultation") set out options for the introduction of legally qualified adjudicators and changes to the Panel process and administration. At the time, the recommendations of the 2020 consultation were agreed by the Commission but they were not adopted in practice. The Commission now wishes to revisit the question of whether the proposals considered as part of the 2020 consultation are appropriate, in the context of a broader consideration of the operation of Panels and Director's Hearings. The Commission is now seeking

views on the two separate but related proposals, including options presented in the 2020 consultation.

The Act sets out details on the right to appeal decisions made by the Commission to the First Tier Tribunal, which covers appeals on the decisions set out at section 141 of the Act. Details of the process for appealing regulatory decisions made by the Gambling Commission can be found on the **gov.uk website** 

<a href="https://www.gov.uk/guidance/gambling-licence-decisions-appeal-to-a-tribunal">https://www.gov.uk/guidance/gambling-licence-decisions-appeal-to-a-tribunal</a>. This consultation does not propose any changes to the appeal process to the First Tier Tribunal.

In addition to the Commission's statutory framework, we have reviewed the following information in developing these proposals:

- The decision-making structures of other regulators. We found that there is no common process (so no single template for regulatory decisions) and we recognise that each regulator is bound by its own unique legislative framework. We have found several regulatory bodies who use a mixed model of decision-making (involving staff, non-executives, members of the relevant regulated profession and lay members). These include several health regulators (for example, the General Medical Council) and other bodies (for instance Ofqual, the Solicitor's Regulation Authority).
- The responses to the 2020 consultation, and we have used these to refine the proposal for employing and managing Adjudicators.
- The observations from the Commission's Governance Team concerning the operation of Panels and regulatory decision-making. Organising and scheduling oral hearings creates significant correspondence with licensees, applicants, and their representatives on arrangements, paper preparation, and dates. Unrepresented applicants and licensees in particular appear to find the process difficult and stressful to navigate.

The complaints to the Commission relating to Panel processes and the report by the Betting and Gaming All Party Parliamentary Group into the Competence and Effectiveness of the Gambling Commission. These highlighted the time taken to conclude Panel processes, and the complexity of the process.

We have also reviewed Panel requests in recent years:

- 2019-20: Panels were convened eight times, generating 9,422 pages of submissions to the Panel, with a cost estimate to the Commission of £20,170 (for Panel and Governance time only no legal costs are reflected). Two of the hearings were withdrawn at short notice by the Licensees resulting in the Commission incurring costs in preparation, Panel time and the management of just under 6,000 pages of submissions.
- 2020-21: Panels were convened on four occasions, generating 1,741 pages of submissions for the Panel to consider, with a cost estimate to the Commission of £8,395 (for Panel and Governance time only no legal costs are reflected). A further four hearings were requested by Licensees and subsequently withdrawn, resulting in the Commission incurring costs in preparation and management of 2,289 pages of submissions.
- 2021-22: there were six requests for cases to be taken to Panel. Bundles were prepared for five of these cases totalling 7,152 pages, or an average of 1430 pages per case. Three of the cases were withdrawn by the Licensee/Applicant prior to the hearing. Cost estimates were not prepared for the three cases that went ahead, but the cost of independent legal advisors to the Panel was £30,490.
- 2022-23: 12 Panels were requested, with 10 being withdrawn by the Licensee/Applicant prior to the hearing. Bundles were prepared for six of these cases totalling 4,863 pages, or an average of 810 pages per case. One case was heard by the Panel in the course of the year. Cost estimates were not prepared, but the cost of independent legal advisors to the Panel was £21,136.

In each case, the Commission incurred costs for staff, Commissioner time and external legal costs, and we presume that applicants and licensees would incur similar costs whether a hearing was held or not.

# Proposal 1: quorum and composition of Regulatory Panels, and the Adjudicator role

Currently, the quorum of the Panel is two Commissioners, although three is more usual. The Panel is supported by an independent legal adviser. We propose to change the quorum and composition to a legally-qualified Adjudicator chairing a Panel comprising another senior member of Commission staff and a Commissioner. Adjudicators would also sit alone to decide on the personal licensing matters that are delegated to Director's Hearings and Case Management Hearings of the Panel.

This proposal will entail employing between two and four Adjudicators, who are legally-qualified persons employed solely for the purposes of chairing Panels and Directors Hearings. In light of the legal qualifications of the Adjudicators, there would be no requirement to have an independent legal adviser to the Panel.

By legally-qualified we mean a Solicitor, Practising Barrister, Chartered Legal Executive or CILEx practitioner with an entitlement to practise and a minimum of five years post qualification experience.

In relation to the proposal to include senior Commission staff as members of the Panel, we define a senior member of staff as a member of Commission staff at Grade 12 or higher (equivalent to Civil Service G7). We propose to exclude staff from the Operations Directorate and Legal teams. We also propose to exclude on a case by case basis anyone who has had previous involvement in a particular case before the Panel.

There are three core reasons for this proposal. The first is to improve availability of Panel members, thus improving the flexibility of scheduling Panels and reducing delays. Commissioners are non-executives. They are appointed to work for the Commission for 48 days per year, to include all of their responsibilities to the Commission. Commissioners typically also have a range of other commitments outside of the Commission. This can make it challenging to schedule Panel hearings requiring three Commissioners plus a legal adviser, and can restrict the flexibility of the Panel to meet the availability of the applicant or licensee and their representatives.

The inclusion of Commission employees on the Panel will improve the flexibility and availability of Panel members.

The second reason is to improve governance and accountability by locating decision-making responsibility with employees and non-executive Commissioners, and by minimising Commissioner engagement in individual regulatory decisions. We are concerned that the continued involvement of Commissioners on Panels can be a barrier to their full oversight of regulatory strategy, performance, risk management and outcomes. This is because of the need to minimise the risk of foreknowledge that could be considered prejudicial to matters before the Panel.

Paragraph 2.6 of the Commission's SoP outlines our approach to decision making, and notes that decisions should be taken at the most appropriate level, and there will be a presumption that decisions can be made at the lowest appropriate level so that decisions of similar complexity and

impact are generally made at similar levels within the Commission. The Panel does take decisions of significant magnitude, but we are of the view that there is no overwhelming rationale for these decisions to be escalated entirely beyond employees and into a fully non-executive Panel.

Thirdly, this proposal will provide an enhanced mix of skills on the Panel; the breadth of a non-executive perspective from a Commissioner, the expertise of a senior member of Commission staff and the legal experience of the adjudicator. Combining a range of skill, knowledge and experience will diversify the Panel's expertise. In order to ensure Adjudicators have an understanding of the wider gambling environment they will receive the same induction training about the operation of licensed operators as Commissioners.

Based on feedback from the 2020 consultation, we anticipate there may be concerns about impartiality in respect of the proposal to change the quorum and composition of the Panel from three Commissioners to an Adjudicator, a Commissioner and a senior Commission employee. The Panel is the final stage of the Commission's own decision-making process. The Panel must make its decisions applying its mind to the evidence, law and policy and not simply accept the submissions of Commission officials. Panels should be free of bias and pre-judgment and must be procedurally fair, but the Panel is not separate from the Commission and is not an independent entity.

The expectation of impartially is codified in Licensing decisions: procedures and guidance for licensing hearings

<a href="https://www.gamblingcommission.gov.uk/guidance/licensing-decisions-procedures-and-guidance-for-licensing-hearings">hearings</a>, and in Regulatory decisions: procedures and guidance for regulatory hearings <a href="https://www.gamblingcommission.gov.uk/guidance/regulatory-decisions-procedures-and-guidance-for-regulatory-hearings">hearings</a> and applies to any decisions taken by the Panel or by employees acting under delegated powers. The guidance explains all decisions makers must "come to the decisions they make with an open mind and demonstrate they are open minded, make a decision only after due consideration of all information reasonably required upon which to base such a decision, and seek further information if it is felt there is insufficient information to reach a decision"

This consultation does not propose to change this requirement for impartiality. However, we do recognise concerns regarding impartiality and have therefore provided a draft Adjudicator Governance Framework (AGF) as part of this consultation. It is proposed that this would be adopted by the Board to ensure safeguards are in place to preserve the impartiality of Adjudicators.

We also recognise particular concerns raised in the 2020 consultation regarding the appraisal of Adjudicators. As a result, an annual appraisal of Adjudicators will be undertaken by a Commissioner. Their performance objectives will not be linked to agreement with the views of Commission officials. The performance management process for Adjudicators is outlined further in the draft AGF.

Adjudicators will be employees of the Commission, and to further safeguard their impartiality we intend to take steps to maintain a degree of separation between

Adjudicators and other Commission employees. The Governance team will manage and coordinate the Adjudicators, and facilitate their access to other corporate services (eg IT and People Services). Adjudicators will be home-based, and will not have open access to Commission offices, reducing the possibility of incidental contact with wider Commission staff. These ways of working have been written into the draft AGF.

Similarly, we would propose to provide training and guidance to any members of staff sitting as Panel members, aligned to that received by adjudicators by virtue of the AGF. This would include a statement of responsibilities, confirm that the outcome of the Panel must be free from influence, and a specific reminder of the **Public Interest Disclosure Policy** <a href="https://www.gamblingcommission.gov.uk/policy/corporate-governance-framework/appendix-4-public-interest-disclosure-policy">https://www.gamblingcommission.gov.uk/policy/corporate-governance-framework/appendix-4-public-interest-disclosure-policy</a> should they need to express concerns about the conduct of colleagues or the Panel.

In the absence of an independent legal adviser, to ensure procedural fairness, the draft AGF stipulates that in every matter before a Panel, an explanation of what the Panel/Adjudicator understands the law to be, on which they intend to rely, will be set out in a manner which enables the parties to challenge it and make submissions on it if they wish to do so.

If implemented, this proposal would result in changes to the following documents:

- a. The Commission's Statement of Principles for licensing and regulation (SoP) is impacted by this change to the extent that the delegation of regulatory decisions in the Corporate Governance Framework is incorporated into it by paragraph 2.6 of the SoP.
- b. Corporate Governance Framework, Appendix 6: Delegation of licensing and regulatory decisions in respect of gambling
- c. c. Licensing decisions: Procedures and guidance for licensing hearings
- d. Regulatory decisions: Procedures and guidance for regulatory hearings.

Marked up copies of these documents to show how the proposed changes would be reflected are attached below, alongside the draft Adjudicator Governance Framework.

Draft Adjudicator Governance Framework and associated documents

Draft Adjudicator Governance Framework <user\_uploads/draft-adjudicator-governance-framework-1.pdf>

**Statement of Principles for licensing and regulation** <user\_uploads/proposed-edits-to-sop-and-policy-statement.pdf> - marked up to reflect proposed changes

**Corporate Governance Framework, Appendix 6** *<user\_uploads/draft-cgf\_appendix\_6.pdf>* - marked up to reflect proposed changes

**Licensing decisions: Procedures and guidance for licensing hearings** *<user\_uploads/proposed-edits-to-licensing-decisions-procedures-and-guidance-for-licensinghearings.pdf> -* marked up to reflect proposed changes

Regulatory decisions: Procedures and guidance for regulatory hearings <user\_uploads/proposed-edits-to-regulatory-decisions-procedures-and-guidance-forregulatory-hearings.pdf> - marked up to reflect proposed changes

M	lore information
$\cup$	In part
$\mathcal{C}$	No
	Yes
Please	e select only one item
	concerns about impartiality?
115	Does the draft Adjudicator Governance Framework address
114	Please give your reasons for your answer below.
$\bigcirc$	Strongly disagree
$\bigcirc$	Disagree
$\bigcirc$	Neither agree nor disagree
0	Agree
0	Strongly agree
Please	e select only one item
	hearing?
113	To what extent do you agree with the proposal that an Adjudicator should decide on personal licence matters, replacing a Director's
112	Please give your reasons for your answer below.
$\bigcirc$	Strongly disagree
$\bigcirc$	Disagree
O	Neither agree nor disagree
$\bigcirc$	Agree
$\bigcirc$	Strongly agree
Please	e select only one item
	To what extent do you agree with the proposed change to the quorum and composition of regulatory panels?

As a reminder, the draft Adjudicator Governance Framework can be found here:

Draft Adjudicator Governance Framework <user\_uploads/draft-adjudicator-governance-framework-2.pdf>

116	Please give	your reasons	tor your answ	er below.		

# Proposal 2: presumption that decisions will be made on the papers alone, and the test for convening a hearing

At present the guidance for Licensing and Regulatory decisions (paragraph 3.11 in both documents) does allow for a paper process if all parties agree, but the default is to an oral hearing. Between 2019-20 and 2022-23 all matters decided by the Panel were made following oral hearings.

We propose to offer a paper-based process as the default option for a Panel, whereby the Panel would make a decision on the basis of written submissions and without an oral hearing.

We also propose to make this paper-based approach the default for personal licence decisions, and would therefore change the name of a "Director's hearing" to an "Adjudicator's decision".

The Commission or the licensee could request an in-person hearing, and this request would be considered by the Panel. The Panel itself may also decide that a hearing is required.

We propose that in making their decision on whether a hearing should be granted, the Panel would apply a fairness test. This would require the Panel to decide if fairness required a hearing. For example, a hearing would likely be convened where there were material and significant disputes of fact, or where an applicant or licensee is unable to effectively communicate their case in writing. This test would be included in the decision-making guidance.

In personal licence cases, the Commission or the licensee/applicant could request an in-person hearing, and this request would be considered by the Adjudicator. The Adjudicator could also decide a hearing was required. The test would be the same as for Panel cases.

Whilst the number of cases being heard at Panels has remained low, they are frequently time consuming and expensive, with the Commission and operators often instructing legal advisors. This has driven a formalised process and lengthy bundles of papers, which can be difficult for smaller operators to navigate. Applicants for personal licences and small operators often prepare for and attend Panel hearings without legal representation and the Commission is mindful of the need to ensure that processes to escalate licensing and regulatory decisions are accessible and easy to navigate for all our licensees and licence applicants.

This proposal has been put forward for two main reasons:

• to reduce the burden on applicants/licensees, particularly those with no legal representation who can find hearings difficult and stressful to navigate. Personal licence applicants/holders have also experienced challenges taking time off work for hearings and funding travel to hearings or accessing appropriate technology for online hearings. Licensees/applicants who are based outside of the UK

have also found it challenging to find a suitable time for a hearing, or have been required to bear the costs of travel.

• to increase the promptness of decision-making, since it is easier to convene a Panel/Adjudicator for a paper-based decision process than to get all of the parties to a hearing together at the same time.

If implemented, this proposal would result in changes to the following documents:

- the Statement of Principles Licensing and Regulation paragraph 3.16 and footnote 24.
- Licensing, compliance and enforcement policy statement (part 5)
- Corporate Governance Framework, Appendix 6: Delegation of licensing and regulatory decisions in respect of gambling,
- Licensing decisions: Procedures and guidance for licensing hearings
- Regulatory decisions: Procedures and guidance for regulatory hearings.

Marked up copies of these documents to show how the proposed changes would be reflected are attached below.

#### Associated documents

Statement of Principles Licensing and Regulation paragraph 3.16 and footnote 24, and Licensing, compliance and enforcement policy statement (part 5) <user\_uploads/proposed-edits-to-sop-and-policy-statement.pdf> - marked up to reflect proposed changes

Corporate Governance Framework, Appendix 6: Delegation of licensing and regulatory decisions in respect of gambling <user\_uploads/draftcgf\_appendix\_6.pdf> - marked up to reflect proposed changes

**Licensing decisions: Procedures and guidance for licensing hearings** *<user\_uploads/proposed-edits-to-licensing-decisions-procedures-and-guidance-for-licensinghearings.pdf> -* marked up to reflect proposed changes

Regulatory decisions: Procedures and guidance for regulatory hearings <user\_uploads/proposed-edits-to-regulatory-decisions-procedures-and-guidance-forregulatory-hearings.pdf> - marked up to reflect proposed changes

117	To what extent do you agree with the proposal that Regulatory Panels will take decisions on the papers unless the Panel considers that a
	hearing is required?
Please	select only one item
$\bigcirc$	Strongly agree
$\bigcirc$	Agree
$\bigcirc$	Neither agree nor disagree
$\bigcirc$	Disagree
$\bigcirc$	Strongly disagree
118	Please give your reasons for your answer below.

	To what extent do you agree with the proposal that personal licence matters will be decided on the papers unless the Adjudicator considers that a hearing is required?  select only one item
$\bigcirc$	Strongly agree
$\widetilde{\bigcirc}$	Agree
$\widetilde{\bigcirc}$	Neither agree nor disagree
$\widetilde{\bigcirc}$	
$\sim$	Disagree Characteristics are a second of the control of the contro
$\cup$	Strongly disagree
120	Please give your reasons for your answer below.
124	Which decision making processes from other regulators should the
121	Which decision-making processes from other regulators should the Commission consider in developing our approach?
122	Do you have any further comments?
122	Do you have any further comments?
122	Do you have any further comments?
122	Do you have any further comments?
122	Do you have any further comments?
122	Do you have any further comments?
122	Do you have any further comments?

## Equalities considerations (regulatory panels)

The Commission is committed to giving consideration to potential equalities impacts, having regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

The Commission does not currently consider that the proposals in this section of the consultation give rise to known negative impacts in the context of the above objectives. This position will be kept under review. We would welcome views in relation to the same.

Relevant links

Equality Act 2010 <a href="https://www.legislation.gov.uk/ukpga/2010/15/contents">https://www.legislation.gov.uk/ukpga/2010/15/contents</a>

of section 149 of the Equality Act 2010, in the context of any proposal considered in this section of the consultation?
Attaching additional information  If you have any further documents in support of your response to this section of the consultation on regulatory panels, please use the 'choose file' button below.
124 Attaching additional information  Please attach a copy of any documents you wish to include to this printout.
Consultation section completed  125 You have now reached the end of this section of the consultation.  Please select either to return to the consultation home page to respond to a different topic or if you have finished select 'finished'.  (Required)  Please select only one item  Consultations home page Finished