

CASHLESS GAMBLING - POSITION PAPER

The Alliance for Gambling Reform (the Alliance) supports public policy and regulatory regimes that prevent and minimise gambling harm. We believe that this is best achieved through a public health approach which places responsibility for harm caused by dangerous products onto the manufacturers and distributors of those products.

For this reason we prioritise policies and actively campaign for change that prevents harm being inflicted in the first place. We do, however, recognise the importance of programs to assist those who have been harmed to be safer and to recover. We insist on making venues accountable and responsible for the role they play in causing gambling harm.

Our positions are developed in consultation with people who have been harmed by gambling based on the principle that those closest to the harm are closest to the solutions.

In the past, the Alliance has spoken against cashless gambling transactions, principally due to concerns related to tokenism - the disjuncture between the actions of gambling and money being spent. As the online gambling sector has evolved, and taking into account the disjuncture between actions and spending that large cash load-ups allow in EGMs, the Alliance has revised its position.

Cashless gambling is becoming an increasingly attractive policy response for governments and venues to manage the public health risks associated with COVID-19. While there are risks associated with cashless gambling, if implemented thoughtfully, it has the potential to empower those who gamble while also reducing gambling harm.

For the purposes of this position paper, cashless gambling can be taken to mean any card, app or digital wallet which allows a person to gamble with their own money on any terrestrial form of gambling. Where the word “card” is used here it should be taken to mean any system.

PRINCIPLES

The Alliance supports the introduction of cashless gambling which is designed to help people manage their money, protects their data, and assists in ending money- laundering.

1. Any cashless gambling scheme should be designed from the perspective of reducing gambling harm, rather than for the convenience of venues.

2. The Alliance does not support any system where there is, or there is a potential for, a disconnect to occur between money lost and gambling actions. This includes significant cash pre-loading (for instance of the current levels in NSW and Victoria of \$7,500 and \$5,000 respectively)
3. The Alliance does not support linking any cashless gambling system to credit cards, for initial loading, or top-ups.
4. The Alliance does not support automatic electronic top-up of cards (for instance as is possible in NSW with Opal transport cards). The person should be required to actively decide to top up their card each time the card runs out of money.
5. In order to enforce a break in gambling, we do not support direct debit, online or cashless purchase of chips, tokens or credits at gambling tables or machines.
6. Cashless gambling should be combined with other harm reduction measures particularly those which empower individuals such as:
 - a. encouraging breaks from gambling,
 - b. increased staff interaction,
 - c. self or third party exclusion schemes
 - d. Individual expenditure limits and
 - e. automatic delivery of activity statements
7. Cashless gambling schemes should be managed independently from the gambling industry; from the registration of cards to the protection of data privacy.
8. Cashless gambling should never be connected to customer loyalty schemes as these systems provide users with conflicting messages about their spending. On the one hand, they reward the gambler for increasing their spending, while on the other hand, they offer a tool intended to assist them to constrain spending.
9. Winnings should not be credited to the card but paid out in cash/cheque in the current manner.
10. Cashless gambling should only be implemented as a centralised system across an entire jurisdiction. No venue should be allowed to offer cash-only or hybrid cash-or-card machines, as this would allow harm reduction mechanisms to be side-stepped.

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11. Cards should be easy to obtain, register and load up with initial amounts to encourage their acceptance, so that they are not seen as a punitive measure. Cards must be registered to a verified individual user.
 12. Although not directly related to the prevention or reduction of gambling harm, the Alliance also notes cards with verified identity of the person gambling reduces the risks of money laundering.

MINIMUM ACCEPTABLE DESIGN FEATURES

1. Cashless gambling schemes must be managed by an independent authority or organisation, unconnected to the gambling industry, and if necessary, funded by a levy on gambling revenue or directly from gambling taxes.
2. Cards must link to self or third party exclusion register(s), preventing any gambling if the card-owner is on the register
3. Age and identification verification should be completed before cards are issued and registered.
4. Cards should not be linked to credit cards
5. Cards should not automatically top up
6. Winnings should not be credited to cards
7. Cards cannot be linked to a loyalty scheme
8. Individuals should be able to independently specify their own budgets or expenditure limits through their account settings, but the top-up/transaction cap should be limited by the scheme. Budgets should cover 3 monthly time periods.
9. Total budgets or expenditure limits should not be able to be increased until the budget time period has elapsed, but can be decreased at any time.
10. Cards should have a low top-up/transaction cap, similar to limits on withdrawals on ATMs at venues or average monthly spending, for instance \$200¹ per top-up

¹ Based on average monthly expenditures and average withdrawals from EFTPOS machines as revealed in the NSW Gambling Survey 2019 and the Victorian Population Gambling Health 2018-2019 reports, respectively

11. Card top-up should occur away from the EGM, to encourage breaks in play, similar to the way individuals now leave machines to obtain more money from ATMs. Venues should not be allowed to bring top-up devices to people while seated at, or standing near, machines.
12. Top-ups should only be allowed from bank accounts in the same name as the card, or by cash
13. Data should be protected by the Privacy Commissioner. There should be no possibility of the data being used to encourage people to lose more money or monetizing the data generated from such schemes. The only access to the data would be in the following cases:
 - a. De-identified data should be available to be used for research or policy development to assess and develop harm minimisation measures.
 - b. Card-owners should be automatically emailed or mailed regular activity statements to allow them to see their spending patterns.
 - c. Except where obliged by the courts, the data of an individual's spending or gambling patterns should not be released to any other person, business or government body.
 - d. In the event of public health contact tracing, data related to the activity and duration of gambling at a venue may be released to health authorities, but not the amounts gambled, won or lost.
14. In the event a person leaves their registered card elsewhere, a temporary card can be issued by venues with the same restrictions as an ordinary card and in addition:
 - a. A temporary card cannot be bought using credit cards
 - b. It would have to be registered, with a ID check on the exclusion register, before being activated;
 - c. any patron buying a temporary card would be limited to one card per 24 hour period in NSW (ie it is not possible to buy a temporary card at multiple venues within the 24 hour period)
 - d. It would have a maximum amount of \$200 (or the top-up amount, if different)
15. It should be possible to freeze lost or stolen cards, or to freeze a card as part of a self-exclusion undertaking. Registered card owners might have to apply to the managing authority to have funds on the lost/stolen card transferred to a new card

RESEARCH

The Productivity Commission (2010) identified the risks that cashless gambling can disguise the fact that people are losing 'real money' and cashless systems may reinforce anonymous, intense and uninterrupted gambling, which increases the likelihood of the person gambling being harmed. It may also increase the speed of use.² The Commission recommended that governments introduce a \$20 cash input limit that could be replicated in a cashless environment to address this concern.

In investigating voluntary pre-commitment schemes, the Commission noted that "there are cost savings to venues from an exclusively cashless system"³. Participants in a trial reported that cashless gambling helped them to think about their expenditure, more people set limits on expenditure than on time, and daily spending decreased for those who used the cashless system.⁴

Credit

The use of credit for gambling is widely recognized as dangerous. In April 2020 the UK banned all use of credit for all forms of gambling. [The Alliance](#) and the VRGF made submissions to the ABA Consultation on the use of credit in gambling in early 2020, both strongly urging the banking sector to remove access to credit for gambling. The ABA was considering credit in the context of wagering and betting, but the same concerns apply for other forms of gambling. The 2010 Productivity Commission detailed the high correlation of credit card use with those who have severe problems with their gambling, at a time when online gambling was limited.

Digital payment methods in gambling contexts

Digital payment transactions are increasing in all areas of daily life in Australia. This trend may well have been enhanced by COVID-19 health concerns about handling cash. Digital wallets, tap and go cards, PayPal, credit and debit card use has expanded. In those circumstances, it is prudent to consider the ramifications for the gambling sector.

Enforced breaks in gambling, which cash gambling requires, once a gambler has exhausted the funds to hand, could be created by good cashless gambling system design.

² 10.42 Productivity Commission, 2010, vol 1.

<https://www.pc.gov.au/inquiries/completed/gambling-2010/report/gambling-report-volume1.pdf>

³ C.6 Productivity Commission 2010, vol 2.

⁴ C.11 Productivity Commission 2010, vol 2.

The University of Sydney's *Gambling Treatment and Research Clinic* has recently proposed minimum design standards to ensure that cashless gambling minimizes harm⁵. Their proposal includes the use of digital wallets as a cashless gambling mechanism.

They recommend:

- Mandatory age verification
- Mandatory delays between deposits and access in accounts
- Default limits on the maximum that can be transferred to an account
- No delays on withdrawals from gambling-linked accounts
- Ban on withdrawing cash from gambling-linked accounts in venues [presuming that venues have a hybrid cash and cashless machine mix]
- Accounts must be linked to exclusion register(s)
- Account holders should be able to set time and money limits with increases to limits involving a time delay, but no delay on reductions
- Individuals should be able to set "time-outs"
- Maximum limits on money should be facilitated by financial institutions, just as ATM limits are set
- Player activity statements should be available in realtime, with clear graphic representations of net wins and losses
- Systems should include capacity to send SMS messages to devices or to EGM screens when agreed risk indicators occur

Limits on eftpos/card load up

NSW data:

NSW Gambling Survey, (CQU/Engine) for the NSW Responsible Gambling Fund, 2019

Section 7.1 (pp 58-62) detailed the usually monthly spend on gambling.

Of regular gamblers, 59% spent less than \$20 a month, and 86% spent less than \$100 per month. Only 6% spent more than \$200 a month (noting that this is self-reporting, and may not be accurate). Young men were more likely to spend more than \$200 a month than any other demographic group. However, those more severely impacted were much more likely (76%) to spend more than \$200 a month, with only 2% of non-problem gamblers (0 on PGSI scores) spending at that level. No difference was observed by income. Median monthly spends varied from \$10 for non-problem gamblers to \$800 per month (figure 4.1). Adjusting the self-reporting by using Huber's M-estimator, the typical annual spend per gambler varied from \$226 for non-problem gamblers to \$12,093 for the severely impacted.

Section 8.7 Attitudes to pre-commitment (p. 83)

⁵ Gainsbury & Blaszczynski 2020 *Digital Gambling Payment Methods*

88% of people agreed that people should limit themselves to an amount they nominate before they start gambling.

Victoria data:

Victoria Population Gambling and Health Study 2018-2019, VRGF, March 2020

When asking about EFTPOS withdrawals, the study showed that for most respondents withdrawing money at a venue to continue gambling, the majority withdrew less than \$100, and even for those most severely affected, the median withdrawal was \$200. (Table 20, reproduced below, pp 41-42).

Table 20: Extra money withdrawn through EFTPOS for gambling on pokies, by PGSI

	Respondents who withdrew extra money for gambling on pokies (n=263)	PGSI			
		Non-problem gamblers (n=92)	Low risk gamblers (n=67)	Moderate risk gambler (n=65)	Problem gamblers (n=39)
Up to \$20	18.5%	21.6%	14.8%	25.9%	2.7%*
\$21 to \$50	29.6%	48.8%*	20.4%	23.6%	7.5%*
\$51 to \$100	25.5%	16.6%	38.8%*	27.7%	21.4%
\$101 to \$200	16.0%	12.2%	13.7%	15.0%	31.7%*
\$201 or more	10.4%	0.7%	12.3%	7.8%	36.7%*
Mean	\$127.26	\$70.05	\$166.11	\$116.73	\$227.41
Median	\$60.00	\$50.00	\$100.00	\$60.00	\$200.00

Over the past 12 months, when you have withdrawn extra money, how much did you typically withdraw per session? Base: Respondents who withdrew extra money for gambling on pokies through EFTPOS (n=263)* significant differences from mean proportion of all 263 respondents who withdrew extra money, p < .05.

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