



## Raising the stakes: Overcoming barriers to tackling gambling-related harm

### Introduction

Gambling can be an enjoyable activity for many people but, for others, it can cause significant financial and psychological harm. There is still a considerable stigma around gambling problems. As a result, gambling companies and banks can sometimes be the only ones aware of a person's difficulties.

Over the last two years, Money and Mental Health has worked closely with financial services firms and people with lived experience of gambling-related harm to explore what banks and building societies can do to help customers who are struggling with this issue. This has included running three workshops with banks, holding two conferences attended by experts by experience and representatives from across the sector, and producing a best practice guide. During those two years, we have also conducted research into the links between mental health and gambling, drawing on the insights of our Research Community, a group of thousands of people with lived experience of mental health problems. The first section of this policy note summarises the key findings from this work.

Through this project we found that banks have taken some positive first steps and want to do more, but we also identified some key challenges they face in supporting their customers. There is a risk that work to tackle gambling harm will lose momentum in the face of these tricky problems. This policy note explores three of these challenges in greater depth:

1. how to ensure gambling blocks are robust
2. how to deal with gambling-like products
3. and how to best use transaction data.

It sets out recommendations for financial services providers, regulators and the government to overcome these hurdles and ensure that people who are struggling can get the support they need.

### Mental health and gambling

While estimates vary,<sup>1</sup> research by NatCen on behalf of the Gambling Commission states that over 2 million people in Great Britain are either currently experiencing harm from gambling or are at risk of it.<sup>2</sup> Gambling can lead to a range of financial and psychological harms, and our research suggests that many people with mental health problems experience these. For example, 11% of people with mental health problems who had recently fallen behind on key payments like bills and credit cards said this was at least in part because of gambling. This was twice the proportion (5%) among people without mental health problems.<sup>3</sup>

*"[Online gambling] has ruined me financially and in the past, I maxed out credit cards and payday loans to fund this habit." Expert by experience*

Furthermore, a quarter (24%) of people with mental health problems who gamble online say that online gambling has been bad for their mental health.<sup>4</sup>

*"Gambling online makes my stress levels and anxiety worse. Even when I win it doesn't really make me happy but I can't stop the urge to play." Expert by experience*

The relationship between mental health problems and gambling can be complex.<sup>5</sup> For some, gambling can offer a way to temporarily relieve a low mood related to their condition. People with mental health problems face a significant income gap compared to

those without mental health problems,<sup>6</sup> and in our research we found that some people turned to gambling to solve financial issues.

**"Gives you [a] buzz, excitement when you're feeling down and depressed." Expert by experience**

Common symptoms of mental health problems, like increased impulsivity, can also make it harder for someone to stay in control of their gambling. In recent polling, nearly one in five (17%) people with mental health problems always or often gamble more than they can afford when unwell.<sup>7</sup> The design of online gambling environments, including the ease of making a deposit and nudges in game design, can form a toxic combination with these symptoms. One in three (32%) people with mental health problems who have gambled online agree that it is not easy to stay in control of online gambling.<sup>8</sup>

**"The addiction to load money then use it to bet is like a hit of cocaine. Wasted hundreds of pounds and missed payments. Very depressing." Expert by experience**

We also found that cutting down on online gambling can often be a practically and emotionally difficult journey for people with mental health problems. Common symptoms of mental health problems can make it harder to seek help early and so problem behaviours can become entrenched. Among Research Community respondents, seven in ten (71%) of those who had tried to cut down did not find it easy to do.<sup>9</sup>

**"I've tried to stop gambling many times and each time I've screwed it up when I have an episode [of poor mental health], either high or low. It drives me mad that the access is so easy." Expert by experience**

In some cases, the impact of gambling on someone's mental health can be significant. Several academic studies have highlighted a link between gambling and suicide.<sup>10</sup> For example, analysis of the Adult Psychiatric Morbidity Survey shows that problem gamblers are almost eight times more likely to attempt to take their own life than people who show no signs of problem gambling.<sup>11</sup> And in our recent polling, we found that nearly half (49%) of people who have been diagnosed by a healthcare professional as having a gambling addiction have had suicidal thoughts or attempted to take their own life in the previous 12 months.<sup>12</sup>

**"In the past, gambling has made me suicidal and extremely anxious." Expert by experience**

## How financial services providers can help prevent harm

Against this backdrop of often serious harm, action is urgently required. We believe that steps need to be taken to ensure that the gambling environment is made safer by default and more responsive to emerging harms in the sector. In December 2020, the government announced a review of the Gambling Act, which is a golden opportunity to introduce such changes.<sup>13</sup> The government is currently working on a paper to set out its approach following the 16,000 responses it received to a call for evidence.<sup>14</sup>

But beyond government, financial services providers have an important role to play, and have the power to act immediately without waiting for legislative change. Banks are at the heart of many people's financial lives and are well placed to help their customers who are struggling with gambling. They are also required by the Financial Conduct Authority (FCA) to treat vulnerable customers fairly,<sup>15</sup> and could soon be required to focus on delivering good outcomes for customers.<sup>16</sup> Many who are experiencing these issues see a role for banks: almost half (47%) of people who gamble online believe that banks should do more to help people stay in control of their gambling.<sup>17</sup>

**"I think the bank would be a better place to stop me as I just go somewhere else to gamble if stopped by the [online gambling] company and at the end of the day, it's their job to take your/our money." Expert by experience**

From the work we've done over the last two years, it's clear that banks want to help their customers avoid gambling-related harm. Many currently offer tools and support but public awareness remains low; nationally, just one in three (33%) online gamblers report knowing about such tools.<sup>18</sup> Earlier this year, we set out what banks should be doing to best support their customers experiencing gambling-related harm in a best practice guide.<sup>19</sup> This guide focused on three key areas: culture and staff; identifying customers; and supporting and empowering customers. It included steps like providing training to staff, using customer transaction data to spot signs of harm, and signposting to external support.

Notwithstanding the steps outlined in the best practice guide, there remain challenges that are still to be addressed or have emerged with new

technology, which make it harder for banks to best support their customers. The next three sections look closely at some of these challenges and the policy response needed to address them: loopholes to the gambling blocks developed by banks; the rise of financial products that share similarities with gambling; and how to best use transaction data.

### Ensuring gambling blocks are effective

One of the key steps a bank can take to support its customers is introducing an optional gambling block, which prevents the customer from making a gambling transaction from their debit card. This transaction block can provide an important extra layer of control for people who struggle with gambling, alongside other self-exclusion tools like those offered by GAMSTOP and GamBan.<sup>20</sup> However, through conversations with experts by experience, we know that during a gambling addiction, some people will still try and gamble even after setting up these tools and controls. And during the project it became clear that there are ways that customers can continue to gamble despite using a gambling block, due to issues with their design and with the payment system.

*“Ultimately the person would find a way around it, unless they block all their cards and use GAMSTOP or similar.” Expert by experience*

*“People can find workarounds, and for those of us with gambling addiction, we try and find these workarounds more than others.” Expert by experience*

For example, some gambling blocks can be easily turned off. A number of banks have included extra friction to counter this, such as by having a “cooling off” period between switching the block off and being able to use the card again for gambling transactions. This can be effective in preventing harm as it reduces the ability for someone to act on an impulse. Banks should also consider ways to make the block more flexible, such as allowing someone to turn it on permanently or to limit spending, rather than completely block it. This would allow the block to work best for each individual customer.

A further challenge is posed by customers who have an account with more than one bank, especially if not all of their accounts offer a gambling block. This could lead to a customer

turning on a block on one account, but still being able to gamble from the other/s. In order to reduce the harm that can occur from this, we believe all banks should develop a gambling block of some kind.

*“All banks need to act in the same way for this to work.” Expert by experience*

Another way that customers can get around the block is by using other payment methods on a gambling site, such as a bank transfer or through open banking.<sup>21</sup> Gambling blocks use a merchant category code - four digits that are issued for every transaction on a debit card to categorise a business - to stop transactions to a gambling site; bank transfers and open banking payments do not have such codes. Additionally if someone tops up an e-wallet, like PayPal, from their bank account and then uses the e-wallet to gamble, this would not come up as a gambling transaction but rather a transfer to the e-wallet. It is not impossible for a bank to block such payments but it requires collaboration between alternative payment providers, gambling firms and banks. For example, Monzo and TrueLayer, an open banking payment provider, worked together to create an open banking gambling block.<sup>22</sup> The government and regulators like the FCA and Payments Systems Regulator need to play a facilitating role in the collaboration between banks and alternative payment providers to allow customers to block all types of gambling transactions.

A final stumbling block is that banks do not know the banking details of gambling firms and so cannot check if a payment made via transfer is a gambling transaction. The Gambling Commission should ensure that gambling firms take part in discussions within the financial services sector on blocking non-card transactions. If this does not lead to change, the government should require all gambling firms to share their banking details with all UK-based banks and building societies so that payments to those accounts could be blocked. If there is evidence of continued harm following this action, the government should temporarily ban the use of alternative payment methods on gambling sites until all banks have been able to develop a robust block, without loopholes, of their own. It is important that there is innovation in payment methods but this cannot come at the result of consumer harm.

## Dealing with the rise of gambling-like products and activities

Over recent years there has been a proliferation of products and activities that share many features and drivers with gambling, such as loot boxes, cryptocurrencies and other risky investments. While people's understanding of gambling harms and support has advanced, public awareness of these products and their pitfalls is patchier.

Loot boxes - features within video games that can be bought with in-game currency or real money for their unknown contents - are still a relatively new phenomenon.<sup>23</sup> However, there have been concerns that they act similarly to gambling, for example in the way that their design and random rewards can draw people in.<sup>24</sup> Additionally, academics have found a link between loot boxes and problem gambling.<sup>25</sup> While this isn't yet a significant issue among our Research Community - in a recent survey only 12% said that they had bought a loot box in the past year<sup>26</sup> - some of the qualitative data suggests that many of the drivers we identified for online gambling are also present with loot boxes, such as wanting to experience an emotional high when feeling unwell.

*"When buying them, it's similar to gambling - the thrill of the 'risk' and not knowing what you're going to get, and the good feeling afterwards is short lived and I start to regret spending money. This can become like a vicious circle where I buy more to make myself feel better. Or another thing with them is if you don't get anything good so you end up buying another. It can be addictive." Expert by experience*

Concerns have also been raised around connections between risky investments, such as cryptocurrency and foreign exchange trading, and gambling.<sup>27</sup> For example, the FCA found that over two thirds (68%) of 18-40 year olds who have invested in risky products likened it to gambling.<sup>28</sup> Only one in ten (9%) of respondents to a Research Community survey own or have owned cryptocurrency,<sup>29</sup> and nearly one in ten (8%) have invested in a risky product.<sup>30</sup> But again the qualitative data suggests that these investments can feel very similar to gambling and the drivers, such as chasing big losses, can be identical.

*"I have bipolar and when manic I think I am on a lucky streak and do these things, when in reality there's no way I'm going to make any money." Expert by experience*

*"It can be a rollercoaster as markets move up and down but I try and resist the urge to constantly check prices, but it's easier said than done." Expert by experience*

The collapse of the sports betting platform Football Index, which allowed customers to bet on the performance of players, highlights that this similarity works the other way too. Football Index, despite being licensed by the Gambling Commission, used financial language like "shares" and "dividends" and was known as a 'football stockmarket'.<sup>31</sup> This increasingly blurred line between what is a gambling product and what is a financial product should be of concern to anyone wanting to tackle gambling-related harm.

Just as with standard gambling, there is a role for government, regulators, game designers, trading platforms and banks in reducing the harm from these products. One issue is around who actually regulates these products; in some cases it is the FCA, in others the Gambling Commission and some are unregulated. Given that many of these products are classed as financial products and have been linked to gambling, a dual-regulation approach between the Gambling Commission and FCA is needed. The government should set out a plan for how these products will be regulated, which could form part of the Gambling Act Review. It is very likely that more products will emerge that blur the line between financial and gambling products. We believe that the Department for Digital, Culture, Media and Sport should be tasked with overseeing the development of new services and products to ensure regulation remains up to date.<sup>32</sup>

While banks have taken some good steps in supporting their customers experiencing gambling-related harm, they are at an early stage when it comes to products like loot boxes and risky investments. Banks do not have to start from scratch but instead can transfer what has worked with gambling so far and apply it to these products. This could include, for example, providing information on their website about these products and working with expert organisations to deliver training to specialist staff, so that they can recognise when someone might be struggling with these products and offer support. Banks could also explore whether they can develop a similar block for these products. This is likely to be less straightforward than gambling blocks, as these

products involve different merchant category codes, payment methods and, in some cases, are counted as transactions within a wider category. For example a loot box purchase might not be classed as a distinct transaction but rather a payment to the game's developer or marketplace it appears in. To start the conversation, the Gambling Commission and the FCA should organise a series of workshops with representatives from the financial services sector to think about the role banks can play. This could involve an assessment of the current process of creating merchant category codes and how this could be brought up to date with innovation in the sector.

### Using transaction data

Banks have access to a wealth of customer data from which it is possible to spot signs of gambling-related harm. The insights that can be gleaned from transaction data have been highlighted by recent studies using anonymous banking data. Academics at Oxford and Warwick universities found that gambling is associated with financial difficulties and negative lifestyle and health outcomes.<sup>33</sup> Separately, two reports by the Behavioural Insights Team showed how the savings behaviour and credit use of customers could differ depending on how much they gambled.<sup>34</sup>

Our research has found public backing for banks to use this information to help customers. For example, half of UK adults (50%) think their bank or building society should use financial data to identify problems and offer support, with just 12% disagreeing.<sup>35</sup>

*"If bank statements show lots of outgoings to gambling sites, perhaps it should be part of their duty to notify the account holder of the amount they are spending, and offer support. Even if it is as simple as some leaflets through the post. Just something." Expert by experience*

During this project, it was clear that banks see the benefits of using transaction data but are wary about data protection and how customers will react. While some consumers do express concern over how banks would use their information, half of people (51%) say that the benefits of financial firms monitoring their data outweigh the risks, compared to just one in ten (11%) who disagree.<sup>36</sup> Data protection is a complicated issue with different legal bases for processing data. In our report Data

protecting, we recommended that the FCA and Information Commissioner's Office (ICO) issue joint guidance to help financial services providers understand how their regulatory principles apply in the specific case of using financial data to identify potentially vulnerable customers and offer proactive support. So far, this has not happened but it is clear that it is still needed to give banks the confidence to best support their customers.

The issue of sharing data has also been raised in the gambling sector. Last year, the Gambling Commission consulted on requiring gambling firms to conduct affordability checks on customers spending above a certain threshold.<sup>37</sup> If the Gambling Commission does decide to go ahead with affordability checks, there could be a role for financial services providers to share their data with gambling firms, for example through open banking.

The Gambling Commission has also tasked the gambling industry with exploring and creating a "single customer view" solution. This would allow gambling firms to share customer data with other firms to provide a rounded view of their gambling behaviour in order to identify potential gambling harms.<sup>38</sup> The ICO recently said that the sharing of such data could be possible within data protection rules.<sup>39</sup> The FCA should work with the Gambling Commission and the ICO to explore whether it would be possible for banks to be part of this system, through affordability checks or a single customer view, so that there is a more joined up approach to reducing gambling-related harm.

### Conclusion

Many people can experience harm as a result of gambling and while gambling companies should be doing more to keep people safe, banks are well placed to offer their customers support. Over the last two years we have seen banks take the first steps in this process and there are many great examples of best practice, like the gambling block. However, there are still practical challenges for financial services providers to overcome in order to best support their customers. These barriers are not insurmountable but require action from firms, the government and regulators. In this policy note, we have outlined recommendations for how gambling blocks can be made most effective, for how firms can be empowered to tackle risky gambling-like products, and for how firms can become confident in using transaction data.

Tackling gambling-related harm will be an evolving task with new issues likely to emerge, but one of the key things to take from this project is that banks and regulators can best react to challenges by engaging with people with lived experience of gambling-related harm. As this two year project comes to an end, it is crucial that the momentum we have seen build during that time is not lost - and that financial services firms continue to innovate and adapt to keep pace with evolving and emerging gambling harms, and provide a range of support for their customers.

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## Footnotes

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<sup>2</sup> Conolly A et al. Gambling behaviour in Great Britain in 2016. NatCen on behalf of the Gambling Commission. 2018

<sup>3</sup> Money and Mental Health analysis of online polling conducted by Opinium. 5,001 people with mental health problems, weighted to be nationally representative of those who have experienced a mental health problem, and 1,000 people without mental health problems were surveyed between 25 June and 22 July 2021.

<sup>4</sup> Holkar M and Lees C. A safer bet. Money and Mental Health Policy Institute. 2020.

<sup>5</sup> Ibid.

<sup>6</sup> Bond N and D'Arcy C. Mind the income gap. Money and Mental Health Policy Institute. 2020.

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<sup>10</sup> Wardle H et al. Problem gambling and suicidality in England: secondary analysis of a representative cross-sectional survey. Public Health 2020: 184; Karlsson A and Hakansson A. Gambling disorder, increased mortality, suicidality, and associated comorbidity: A longitudinal nationwide register study. Journal of Behavioral Addictions 2018: 7; Roberts K. Gambling disorder and suicidality within the UK: an analysis investigating mental health and gambling severity as risk factors to suicidality. International Gambling Studies 2016: 17.

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<sup>14</sup> Philp C. Gambling Minister's speech for the GambleAware conference. Department for Digital, Culture, Media and Sport. 2021. Accessed 9/12/21 - <https://www.gov.uk/government/speeches/gambling-ministers-speech-for-the-gambleaware-conference>

<sup>15</sup> Financial Conduct Authority. Guidance for firms on the fair treatment of vulnerable customers. 2021.

<sup>16</sup> Financial Conduct Authority. A new Consumer Duty Feedback to CP21/13 and further consultation. 2021.

<sup>17</sup> Holkar M and Lees C. A safer bet. Money and Mental Health Policy Institute. 2020.

<sup>18</sup> Ibid.

<sup>19</sup> Money and Mental Health Policy Institute. Supporting customers experiencing gambling-related harm: A best practice guide for banks and building societies. 2021.

<sup>20</sup> [GAMSTOP](#) is a free service that allows users to put controls in place to help restrict online gambling activities by preventing access to gambling websites and apps. [Gamban](#) is a product that blocks access to online gambling across several devices.

<sup>21</sup> Open banking allows customers to share their banking data with trusted third parties or make a transaction to a business via a trusted third party.

<sup>22</sup> Bilcock J. We're extending our Open Banking gambling block. Monzo. Accessed 12/01/22 - <https://monzo.com/blog/extending-our-open-banking-gambling-block>.

<sup>23</sup> More information on loot boxes can be found in Close J and Lloyds J. Lifting the Lid on Loot-Boxes. GambleAware. 2021.

<sup>24</sup> House of Lords Select Committee on the Social and Economic Impact of the Gambling Industry: Report of Session 2019-21: Gambling Harm - Time for Action. 2020; Close J and Lloyds J. Lifting the Lid on Loot-Boxes. GambleAware. 2021.

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<sup>26</sup> Money and Mental Health survey of 212 people between 15- 25 October 2021. Base for this question: 211.

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- <sup>31</sup> Sheehan M. Report of the Independent Review of the Regulation of BetIndex Limited. Department for Digital, Culture, Media and Sport. 2021.
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