

Is responsible gambling enough?

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Many of you here today will know that this is my final attendance at ICE before I join the Department for Business, Energy and Industrial Strategy. And so it seems an appropriate moment for me to reflect back on my time at the Commission, to consider what the current priorities are for the GB gambling industry, as well as to look ahead to what the future may have in store.

In looking back, I have taken inspiration from the numerous TV shows at the end of each year which attempt to summarise the events of that year by considering 'the good', 'the bad' and 'the ugly'.

For me there is much 'good' to reflect on during my time at the Commission. But the best has undoubtedly been about people. I've tried hard to not be a regulator that sits in an ivory tower, or in our case a former Victorian Post Office, and pontificates from on high. I've sought to get out there and meet both consumers and the people that work in this industry.

I've had the privilege to talk to people working in and around the industry who are very talented and passionate about what they do - be they on the shop floor or in the boardroom. People who are genuinely committed to doing the right thing, who share our desire for fairer and safer gambling. My encouragement is to ensure that your voices are heard at all levels, be confident in your convictions and do what you know is right.

I've been grateful for the opportunities to meet consumers and those seeking to promote their interests. The industry may not always welcome their messages but groups in GB like Justice for Punters, the Horse Race Bettors Forum and others should be listened to. They are working hard to make the industry better and I have enormous respect for their energy and tenacity. Seeing consumers trying to drive positive change makes for a healthier industry and we should all encourage more of it.

I have enjoyed working with, and learning from, regulatory experts in other jurisdictions, many represented here at ICE. I have high respect for my regulator colleagues and our cooperation and information sharing across borders is fundamental to successful regulation in global markets. As a Gambling Commission we are totally committed to sustaining this. We will work to ensure that Brexit, while it may present new dimensions, will not prevent effective cooperation between like-minded professionals focused on protecting consumers and enabling markets to grow in a healthy and responsible way.

And of course, I can't mention people without acknowledging the excellent colleagues I have had the privilege to work with at the Commission. The successes we have had, and will continue to have, do not belong to me but are due to the hard work and commitment of all of my colleagues. My role has been to support them and I am pleased that during my time our staff survey scores show growing levels of engagement and positivity.

In deciding on 'the bad' I was slightly torn. It remains a disappointment for me that the current industry funding to GambleAware to support investment in research, education and treatment amounts to just £3.50 for every consumer who is at risk, or is a problem gambler.

This compares badly with many other countries and it is lamentable that Britain is towards the bottom of this particular international index. But the area that I really wanted to highlight are the examples of extremely poor customer service that we hear about through our contact centre, from consumer groups and on social media. Some of these are quite basic issues, like not responding to complaints.

Others are more fundamental and strike at the heart of the relationship between operators and their consumers, such as the terms and conditions that operators have employed. It has frustrated me because consumers, of any product or service, deserve far better treatment. It also surprises me because far too often it appears that operators just don't see the commercial benefits- and the avoided costs - from treating customers well. I just don't get it! As I will say later, protecting the interests of consumers is and will remain a priority for the Commission. It needs to be a priority for the industry as well.

As for 'the ugly' there was a limited but easy choice. There has been a short-termism and short-sightedness of some in this industry. Further, the tone of debate, most frequently demonstrated in discussion about Fixed Odds Betting Terminals has been unacceptable.

The Gambling Commission is sometimes accused of taking a head-teacherly tone. Whilst that is not what we intend or want, it is perhaps nevertheless unsurprising when the nature of debate between different parts of the industry is often no better than what you might find in the playground. The spectacle of different sectors ripping chunks out of each other does nothing to improve the lot of consumers, or the industry and its reputation. Moreover, it represents a shameful waste of energy, a massive missed opportunity among industry leaders to take control and responsibility for this industry's long term future, on behalf of their customers and staff.

I would love to be able to impart some insightful advice that might turn the tide and take us to a better place. But to do that we would first need to understand how we have got to where we are. Undoubtedly there are a multitude of reasons but one that bears some consideration, that I would like to spend a few minutes on now, is the diversity of the gambling industry.

Last year at ICE, I felt that I had missed an opportunity. An opportunity to highlight and challenge what is a significant stain on this industry's reputation. This is an industry where we have a number of talented, powerful and successful women. Indeed a woman from the gambling industry is Britain's highest paid boss - not highest paid *female* CEO but highest paid CEO. Yet from walking around the exhibition you wouldn't know this. Instead you saw men representing their companies wearing expensive tailored suits whilst their female colleagues were expected to wear nothing more than swimsuits. I say bring this to an end now! It is far from reflective of the modern society and economy of which this industry is a part. And to go further, any future participation by the Gambling Commission in events like this will depend on there being change.

A push for a more diverse industry – not just on the basis of gender - is not about a desire for political correctness. An industry that has diversity in all respects and at all levels, will better understand its consumers and the wider public, and will be more inclusive and open to different and new ideas. Armed with this, business can better meet the needs of their customers, respond to the worries of society and be innovative in the way it meets challenges and seizes its opportunities.

This is, and must, also be a challenge for the Commission. The regulator too must reflect the consumers and market we serve and create the conditions for greater diversity and the opportunities this brings. That is why I am particularly pleased that further action on diversity & inclusion will be part of the organisations' plans to deliver our new strategy.

So look across the exhibition hall, look across your businesses, look across your industry and ask is this really the image, and the business model that will enable you to meet the needs of your consumers, your investors, and the expectations of society both now **and** in the future?

And having reflected on the past, it is now the future that I want to turn to - to consider what the priorities are for the next few years and to look further ahead to what the longer term future might have in store.

For those of you that attended our Raising Standards Conference in November you will have heard me talk about the Commission's new three year strategy. For those of you that missed it - fear not! Everything the Commission does over the coming years will be grounded in the strategy so it will be impossible for you not to hear, see or feel the impact of our strategic priorities.

This is a strategy that sets out a bold, ambitious vision for the future. This is a strategy that puts reducing harms, empowering consumers, and raising standards front and centre in our work and in our expectations for the industry. This is a strategy that our Board members, our executive team and Commission staff have had a hand in shaping. We are committed and enthusiastic to deliver this and it is, to be personal for a second, a strategy that will long outlive my time at the Commission.

The strategy presents a vision for the kind of gambling market that the Commission wants to see - a gambling market that is fairer and safer. Whilst our focus is clearly on the market in Britain I do think many of the messages in it are universal and, I hope, will be relevant and thought provoking even if you operate in jurisdictions outside Britain. Today I want to focus upon three aspects of the strategy: **preventing harms; protecting the interests of consumers and optimising returns to good causes from lotteries.**

Before I do I want to highlight one of the key principles that underpins Commission's new strategy - that is an equal and balanced focus on the **person**, the **product**, and the **place** in which the gambling happens. This is backed up by a preparedness to intervene on a precautionary basis.

In the past, operators have put much of the responsibility for fulfilling licence obligations on the person. For example, gambling management tools and treatment services have been provided consistent with what has been a focus on the *problem gambler*, and not on the *problem gambling*. The Gambling Commission will redress this balance. Yes we will focus on the person and the tools and powers they need to manage their own gambling, but we will also give equal focus to the product itself, and the environment in which it is offered.

For example, we will look to operators, both B2B and B2C, to demonstrate how they are confident that the nature and features of their products are consistent with the licence and safer gambling. This is not just about putting in place mechanisms to mitigate harms after they have occurred, but it is about designing in protections to prevent harm in the first place.

Nor is it just about the casino game or the sports betting product but also the associated marketing and incentives, in particular the practices of intense bonusing and free plays which are so prevalent in the highly competitive British market. We know from our work with the Competition and Markets Authority that some of these features have led to customers being treated unfairly. But we are also concerned about their impact on safer gambling.

Under the new strategy, it will be for operators to show us, and not just tell us, how they are mitigating the risks in products and marketing, and how they are working to keep play safe.

Preventing harms

There are around 2.5 million people in Britain who are problem gamblers or at risk of developing a problem. That is what we do know about the scale of gambling related harms. But there is a lot more that we don't know. How many people - family members, friends, communities - are affected by the gambling of others? What is the financial impact on public services such as health, criminal justice, local government? In contrast to the tax take from gambling, what is the cost to the State of gambling related harms? The wider costs are just beginning to be recognised. Last year IPPR, in research for GambleAware, put this cost at £1.2bn per annum - a conservative assessment. This year, in a report entitled 'Out of Luck' Citizens Advice, the UK's independent national consumer advice service, identified that for every problem gambler a further 6-10 additional people were affected - between 2.3 to 4.3 million people in Britain.

By better understanding gambling related harms, their costs and impacts, public policy can better reflect those harms, action can be targeted where the need is and interventions can focus on what works. This will require a joined up approach by industry, by the regulator and by Government. In our strategy the Gambling Commission gives a clear commitment to provide leadership to forge a sustained, world-leading approach to tackling gambling related harms - the hidden addiction. Work is underway now with input from our expert advisers, the RGSB, to develop a methodology that will establish a range of costs on which we can build future consensus about the scale and impact of gambling related harm in Britain. This will also build on existing operator requirements to identify the revenues associated with problem gambling – a requirement which is based on the simple premise that what is measured is managed.

But let's be clear - the heavy lifting and the greatest weight of responsibility lies firmly on the shoulders of this industry. More needs to be done to build in protections from the start. Operators need to get better at working together to prevent and minimise harms. To not see harm reduction measures as their intellectual property - and something to be protected - but to see them as their contribution to a collective approach to safer gambling - and something to be shared.

Of course very little of this can be delivered through warm words and well intentioned actions. As with most public policy challenges success will also be dependent on proper funding – funding that is based on a proper assessment of need and not on goodwill. I have little confidence that, without further intervention, the industry will voluntarily provide the resourcing that is needed.

I fully acknowledge when I have criticised industry for not contributing enough to the current arrangements administered by GambleAware this does not take into account additional investment that companies may make through other routes. But let's understand the sums here. The 0.1% of GGY that is often spoken about only relates to the amount that GambleAware needs to deliver their responsibilities under the National Responsible Gambling Strategy.

Making gambling safer and reducing harm will not be delivered simply by GambleAware receiving and using the 0.1%. They are just one part of the system. In truth much more significant investment will be needed to meet treatment needs, to ensure high quality research and to provide proper education about the risks from gambling.

That is why the Commission has clearly set out its stall in our strategy. A statutory levy, the powers for which the UK Government already has, would be a fair and credible way of addressing some of the weaknesses in the current voluntary arrangements and would provide for a more sufficient and more sustainable way of funding research, education and treatment. I am delighted that view is now becoming the overwhelming view of those within and outside the industry and hope that this is reflective of a shared commitment to making gambling safer.

It is absolutely right that there must be a clear focus on preventing and reducing harms but this does not mean that we will ignore those many thousands of consumers that gamble but who don't experience harm.

Protecting the interests of consumers

The failure by operators to show they put consumer interests at the heart of their businesses was never clearer and more apparent than in the work we have done with the Competition and Markets Authority looking at the terms and conditions online. Just last week the CMA announced that a number of operators had agreed undertakings with them and we have been clear that we expect businesses across the industry to comply with those requirements, whether or not they were subject to CMA enforcement. Alongside this we will be carrying out a programme of compliance activity and will be setting out how we will strengthen our own rules to make gambling fairer.

But if it requires regulators to highlight where things have gone wrong, and this level of regulatory action to put it right, then there can be no other conclusion. You have either taken your eye off the ball or have wilfully ignored what is expected of your businesses. Either way the message is the same - you have failed your customers. And where that happens we have, we are, and we will continue to use the full range of our regulatory powers and sanctions to address those failings. We will continue to work with partner regulators – the CMA, ASA and ICO. In a move to reinforce this, we are proposing changes to our regulations that allow us to enforce theirs using our sanctions. I am very pleased some of these organisations are here at ICE this week joining us in the new consumer protection zone - stand 8 - which is a feature for the first time at this conference

Our work in this space - a strong, robust and where necessary interventionist approach to regulation - is about encouraging, supporting and, yes, requiring ever higher standards in the gambling industry. But that is just one side of the consumer protection coin. The other is about our role in empowering consumers themselves.

It shouldn't be the case that the most powerful driver for change in an industry is the regulator. Instead, in a well-functioning market it is the consumer that is the change-maker. Currently, in this industry, there is an imbalance between businesses and consumer. The consumer bears a disproportionate share of the risk and tends not to have much access to information and data about their own pattern of play. The Commission wants this to change, with better access to information and the means to take control - information that can help consumers to manage their gambling, better educate them about risks and inform their choices.

So what might this mean? First, the Commission will promote much greater transparency by putting independent and trusted information into the public domain. This might include information such as the risks of particular products, the level of payout to good causes from lotteries, the treatment of customer funds, the level of complaints....and much more. Brought together this could be the equivalent of a Tripadvisor for consumers helping them differentiate across operators on customer care and welfare features, as well as on price and brand.

But beyond this, the Commission's ambition has scope to grow. If you look to financial services in the UK today, open banking is set to change fundamentally the dynamic between provider and consumer. Changes like this, as well as helping operators, could also provide greater diversity, choice and control for consumers in the gambling market.

Strong, effective regulation. Well informed and empowered consumers. That's how you raise standards across the gambling industry - that's how you protect the interests of consumers. An early focus here for the Commission under its new strategy will be the online gambling market. Work begun in 2017 will conclude soon. This has looked at how the market has evolved in Britain since point of consumption in 2014 and our conclusions will shine a light on the need for stronger age verification and more effective customer due diligence checks at the start, and at every stage of the customers' relationship with the gambling operator.

Businesses who do not have the capability, systems, technology, as well as the culture and governance, to support the new standards will face greater regulatory risk and cost in this market.

Optimising returns to good causes

The final area of the strategy that I want to talk about is our role in optimising returns to good causes through our regulation of society lotteries and the National Lottery. While this strategic priority is focused heavily on the National Lottery and its operator Camelot, the National Lottery must not be focused solely on this strategic priority – safe and fair play are also key. We are at a very important moment for the Lottery. In 2023 the next licence period will begin but the work to make that a success has started now. This is the first time that the Gambling Commission will have had responsibility for awarding the licence, with the current licence having been set under our predecessor the National Lottery Commission.

This is more than simply awarding a licence, however. The National Lottery is an important public asset that makes a considerable social, cultural and economic contribution to British society - £30million a week is generated from the UK National Lottery for sports, arts and community projects up and down this country. So as we shape a robust and effective competition for the next licence, we will think creatively about how to grow the value of Lottery so that good causes continue to see significant benefit. This competition perhaps provides an opportunity for some new thinking about the type of National Lottery that we want for the future and the way in which we will regulate it. I think that for anyone looking at the lottery market in Britain this provides an exciting proposition.

And it is on a forward looking note that I would like to close.

For those working in the industry the weight of British media coverage can make it feel like a dark place with an uncertain future. But you are not powerless - the ability to change public perception lies entirely within your hands. You are stewards of a century's old industry and as current leaders now is the time to think about what type of industry you want to hand on to the next generation.

Now is the time to make big, bold gestures to demonstrate a real commitment to fairer and safer gambling: So what might that look like? Here are some of my thoughts on what is needed:

- a common, industry wide framework for identifying and acting upon harmful play at an early stage;
- a single independent ombudsman scheme to give consumers assurance that their voices will be heard and their complaints taken seriously;
- a proper and sustainable approach to funding research, education and treatment that is based upon need and not on a rudimentary percentage of GGY, and structurally
- A rethink of the business model with its dependence on fewer larger spenders – less can be more over the longer term, and finally, for future generations
- concerted action by industry, regulators and policy makers, to bring an end to the normalisation of gambling as an activity, for children and young people. In particular action to curb gambling advertising on social media, and a hard look at the prevalence of marketing and advertising in sport, especially football.

Now is the time to rebuild consumer and public trust, to build a future for this industry with strong foundations based upon fairness and safety.

And the Gambling Commission will continue to be there with you on this journey:

- to challenge you to continuously raise standards;
- to intervene by taking precautionary action where this is necessary;
- to give leadership on cross cutting issues such as tackling gambling related harms;
- to work with you to support innovation and action that benefits consumers and the public.

In short, the Gambling Commission will continue to be there to make gambling in Britain fairer and safer.