

Raising Standards Conference

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Fairer and safer gambling

Keynote speech

Sarah Harrison CEO

Thank you for joining us in Birmingham today. It's terrific to have such a range of organisations here, key operators, fellow regulators, consumer groups, representatives from DCMS and others.

I'm particularly grateful to our speakers, Jim and Richard and panellists, John who is providing an introduction, Kate, Sir Chris, Phil and Richard Flint.

This is now an annual event for the Commission, an opportunity to come together, reflect on the year just passed, progress made and priorities to come. Your role in that discussion is greatly appreciated, and we welcome your input today. Make the most of the opportunity to find out more, to network with colleagues, to listen and to contribute. I want everyone to take something useful and practical away from the day.

The last 12 months have brought greater scrutiny to bear on the sector than ever before. In the run up to the October publication of the government consultation we have witnessed increased interest in gambling from politicians, the press and most importantly, from the public. This includes an increased focus on the National Lottery, as sales and returns to good causes have declined.

In my time at the Commission I have been struck that gambling is an issue about which almost everybody has a view. Expectations are high and people are watching, more attuned than ever before to issues around fairness, safety, the protection of children and vulnerable people. Those who gamble and those who don't are looking at the sector and asking what are you and we doing, are we going far enough, and could we both do more? And doing more is the reason we are here today. Doing more to raise standards.

In the UK gambling is a legitimate and popular leisure activity, enjoyed by many. Around half the population (48% of people) report they gamble every month. This is a successful industry, worth around £13.8 billion a year, employing over 100,000 people. It features in many dimensions of British life – with markets for gambling created in everything from the Premiership to politics, from Bake Off to I'm a celebrity. Gambling is intertwined with sport, with the media, and through the National Lottery and society lotteries it is a direct funder of cultural, sporting and community life in Britain.

With a liberalised market comes a substantial weight of responsibility. Over the last few years the profile and actions of your businesses have been more visible than ever.

Alongside this we have seen an intensification of the debate and concerns around the costs of gambling – the hidden addiction; the ubiquity of gambling, in particular around children and young people; and the fitness of this sector to respond to shifting public opinion.

Commensurately, regulation has evolved with greater emphasis being placed by us on treating customers fairly and making gambling safer. Tackling crime and guarding against money laundering have also led to a sharper focus on KYC and due diligence. And a tougher stance on enforcement, exemplified by recent cases, has underpinned our determination to take firm action where failures occur.

Standards in this market must reflect the level of responsibility and the impact your businesses can have - you have to get it right.

We want this market to be the best in the world – the safest in the world, providing exceptional customer service, with a culture that supports appropriately high levels of protection.

Last year, I stressed the need for action, I urged you as an industry not to wait for a crisis to happen that shakes the very foundation of customer trust. I encouraged you to act and demonstrate to consumers and the public that your interest in their needs and concerns is genuine.

Did that happen? Looking honestly at your businesses, with open minds, have you done enough? I think the need is more pronounced now than it has ever been, and the bald facts are that you haven't done enough to demonstrate to us that you're there yet.

That is not to say that some of you haven't moved things forward. You have, and that deserves recognition (I will give some examples later).

So the challenge for you is clear turn commitment into action, build on the positive developments and go further, be relentless in pursuing an approach that keeps your consumers safe and public confidence high.

As regulator, we will similarly continue to challenge ourselves, turning the spotlight inwards to put the consumer at the heart of all that we do in this rapidly changing world.

Our three year strategy, launched last week, reflects these challenges, builds on what has gone before, and sets out our ambition for going farther and faster. It groups our focus around five priority areas:

- to protect the interests of consumers
- to prevent harm to consumers and the public
- to raise standards in the gambling market
- to optimise returns to good causes from lotteries
- to improve the way we regulate.

The strategy also starts to paint a picture of what a well-functioning market looks like – responding to your calls to 'tell us what good looks like'.

We will concentrate on person, product and place - who is gambling, the nature of the products they are using and how are they doing it? We will put an increasing emphasis on the use of data and technology to meet the licence objectives. We will focus on risk and be clear that those who run greater risk will face more scrutiny and cost. We will be prepared to intervene, in particular to take precautionary action to guard against harm, and we will step up sanctions against those who fail customers and fail the market.

At the half way point in the three year national responsible gambling strategy, we ought to be seeing more concrete progress. We will expect to greater urgency and pace to tackle gambling-related harm and more investment from industry in research, education and treatment.

The five strategic priorities start to set out the roadmap for a gambling market that is fairer and safer than today. The specific actions we take will become clearer as we develop our business plans over the next three years. But for today, I want to give a flavour of what each of our priorities will look like in reality:

We will put more power in the hands of the consumer

Ensuring that consumers are empowered and well informed. Through improved access to independent and trusted information, on levels of risk and quality of service, consumers will be able to make better informed choices. For consumers, over time, this brings scope for greater differentiation among operators, beyond brand and price. For operators, this can help benchmark and compare best practice - driving up standards across the board.

We will push the industry to deliver a high quality and fair consumer experience

This means commercial practices and consumer relationships that meet, or better exceed, the expectations that people rightly have of responsible businesses. Later on the CMA will be talking you through their recent investigations into unfair terms and conditions and what that means for the industry. Recent figures show that 24% of those who gamble felt that they had been in a situation where terms and conditions were unfair.

Nearly a quarter of your customers.

This impacts more widely on the industry and public perception, with only 34% of people more generally believing that gambling is fair and can be trusted. This isn't what any of us wants, and it needs to change.

This also means having strong and effective mechanisms in place for when things go wrong. Ensuring that your customer's voice is heard and acted upon should be at the heart of your business. Robust internal complaints handling however must be your first thought, rather than simply seeking to 'outsource' responsibilities to ADR providers.

We will make gambling safer

In excess of two million people in Britain are at risk or classed as problem gamblers. Whilst some will highlight that this number has remained stable, no-one should be popping any champagne corks -the fact is that we are not seeing those numbers come down. We want to see greater availability and use of gambling management tools to help consumers control their gambling. Here we will look to existing controls and how these can be improved, like reality checks - as well as exploring others, such as mandatory deposit limits and stronger age verification. We will draw on best practice from other regulated markets and we will look to you to design these with consumers in mind.

We will push for gambling-related harm to be recognised and resourced like other public health issues

Let's be completely clear. Gambling related harm is a public health issue, one that policy makers are increasingly aware of. However, we don't know the full cost to society. Recent IPPR work for GambleAware put this conservatively at around £1.2 billion a year. The true cost for some people and their families is devastating.

We are committed to better understanding the public health impact of problem gambling. And by working with partners in government level and the third sector, for example with organisations like Citizen's Advice and the Money and Mental Health Policy Institute (who are running workshops here today), we want to build a stronger case for understanding and addressing the wider cost of gambling related harm on society.

But the uncomfortable truth is that as a sector the contribution you are making to Research, Education and Treatment, is far from adequate. We want to see a proportionate financial contribution. Not as an add-on, a tick box, the bare minimum, but a contribution that an accountable and mature industry makes to help people adversely affected by its products.

Achieving the current expectation of 0.1% of GGY would be a start but let's be frank about this with over 2 million problem or at risk gamblers that sum will still not come close to meeting the real demand. If you have not got your business to the point where you are contributing 0.1% you need to hurry up. Because by the time you get there you may find that the bar has moved, that you are even further behind, and that acceptance of a voluntary deal has evaporated.

I want to make it very clear that this is key priority for the Gambling Commission and we expect to make progress here over the next three years.

We will build on and accelerate the progress that operators are making

There has been some progress across the market; that should be acknowledged. For instance the work commissioned by GambleAware and supported by Kindred to explore problem play online. Praesepe's launch of their 'PlayRight' app to better enable players to track and control their gambling. Tombola's incentivisation of customers to set spending limits and lock these in. Also the betting sectors live trials to test a system which helps staff intervene with machine players.

Key strategic partnerships have been struck. Examples include Playtech's acquisition of BetBuddy and IGRG's engagement in the Revealing Reality research. The work that SG and Inspired Gaming have done to collate machine data from betting shops, adult gaming centres, and bingo venues is a positive move.

Some operators are beginning to monitor and evaluate the impact of their interventions, which is essential - both what works and crucially - what doesn't.

Paddy Power BetFair, are looking at the uptake of tools after an intervention, and there is ongoing evaluation of the impact of the Playing Safe Principles by the National Casino Forum. These are examples of the actions that we want to see, and we want to talk about.

We are committed to partnership working and building on our relationships with stakeholders, including other regulators, we expect you to do the same. Collaborate to make progress.

In this vein, we are delighted to have both the CMA and the ICO here today running workshops. Clearly this is a popular move, as so many of you have signed up to hear what they have to say – I hope that's not just the lawyers in the room?

The GDPR raises the bar for operators and strengthens protections for consumers. These requirements must be met but do not stand in the way of responsible use of aggregated data to identify patterns of play and target interventions to protect consumers.

Elsewhere, as the ICO will report, the gambling industry's record on unsolicited and spam marketing is lamentable – the sector continues to feature at the top of the ICO complaints leagues. This has to change.

We will be prepared to intervene on a precautionary basis.

Our strategy signals the Commission's readiness to intervene to raise standards, including on a precautionary basis. Fairer treatment is one area where more rules may be required. For some the reliance on affiliate marketing has given rise to complaints. Here, the strategy also makes an important wider point - businesses which adopt more complex structures and arrangements, including for marketing, and where there is greater risk, should expect to face greater scrutiny and cost.

Elsewhere, while the public and political focus has, understandably, been on Fixed Odds Betting Terminals, our attention has also been on online gambling, and online casinos, in particular since Point of Consumption. Our focus is a consumer protection focus, and our standards reflect this. Online casino providers need to wake up to this fast. Our work shows your due diligence and consumer protections are not up to scratch. We will intervene and you should consider yourselves warned.

The bar has been set too low by operators in relation to identifying customers at risk and treating them fairly. The strategy makes clear that change is now coming. Fairness, transparency, and harm prevention are essential. Unreasonable behaviour and slow progress will not be accepted, by us, by our partner organisations and certainly not by consumers.

Moving on to the next pillar of our strategy - maximising returns to good causes.

We will challenge lotteries to deliver for good causes now and in the future

We are committed to grow the value of the National Lottery as a public asset through the next licence competition, while also keeping our focus on the running of the existing licence well. Camelot's performance has deteriorated and the numbers speak for themselves. In addition to concerns that we have had with Camelot's controls and governance, contributions to good causes have fallen in 16/17 by more than 15%. This has affected cultural, sporting and community projects which depend on these revenues.

The National Lottery is a part of the fabric of life in the UK. It inspires and enthuses people from across the country, and literally changes lives through the contribution to good causes. We will be fully focused on regulating Camelot over the rest of its licence, and over the life of this strategy. We will regulate to ensure it builds recovery and meets its fair share of the investment needed to safeguard and grow the NL for the public benefit. And, in parallel, we will begin work on the competition for the next licence which applies from 2023.

We will live our own values

I have challenged you today to raise standards and deliver for the consumer. But this strategy also challenges all my colleagues at the Commission – and me – to continue to improve the way we regulate. We need to improve our performance in some of our core business areas and processes so that we deliver a swift, effective and high quality service. We need to continue to develop the way we engage with industry, with partners and with consumers and be evidence-led as we shape regulatory policy and advice to government.

Over the life of this strategy, we will be increasingly data and evidence led

We will invest in risk analysis and in signalling risk to the market and consumers. This will help us and you prioritise action. We will look increasingly to you to show us, not just tell us (for example via the Annual Assurance statement), how you are continuously improving the way you reduce risk, protect consumers and maintain integrity.

Data, which underpins everything you and we do, is key. Our expectation is that you can – and should – gather and use better quality data. You report data to us as part of the ‘regulatory contract’.

In some European markets regulators require data on all online transactions via so called data vaults. While this has not been a feature of the British system of regulation, we are likely to step up what we seek and be less tolerant of failures to meet these requests. We will work to make it easier for you to report and we will ensure our requests are proportionate. We expect you to track play better; to be smarter in the way you use data; and to manage well what you detect and what you measure.

To summarise

We have ambitious plans for the industry, our partners and for ourselves. Over the next three years we want to make gambling fairer and safer for consumers, and the wider public. To date, the pace of change across the industry has been too slow and that can’t continue. The time to act is now and we want to provide more support, help and advice to operators to get it right. And we are not alone in that.

Our call to action extends to partners and others who have an interest in this market. A call not only to challenge from the side lines but to stand ready to work with those in this industry who genuinely want to make a difference.

Where operators are willing to improve, we will work to support you. We will look closely at how we can help and foster collaboration.

The ‘tone from the top’ will be key for us. That’s why I’m here now, why you as individuals have been invited today, why I am addressing you directly. The approach that you take to these issues can and will impact on every aspect of your operations, and so it must.

Over the course of this year, Bill and I have met Chairmen, non-execs, and business founders who see the case for change. But to turn that commitment into action you need to take a longer look forward and set a business strategy that invests, innovates and evaluates everything you do in relation to harm prevention and consumer protection.

I want that message to land, and to be a key take away from today – the tone and action ‘from the top’ matters. Your personal commitment to prioritising fairer and safer markets for consumers can resonate, it will bring the change we want to see.

To chief executives additionally, I want to emphasise your role as corporate citizens – to encourage you to focus on diversity in your work force. There is good evidence that greater diversity can contribute to better governance, stronger collaboration, innovation and decision making, as well as ensuring your organisation looks more like the diverse customer base you serve. As marketers, your advertising must be looked at through the eyes of not only your current and future customers, but also those who choose not to participate, who need protection - like young people - and who are influenced and affected.

As leaders, you have scope to change cultures and build skills to professionalise the approach to social responsibility, to maintaining integrity and to treating customers fairly. To investors, and those concerned with sustainable returns over the long term, a commitment to social responsibility and commercial success are not, and cannot be, mutually exclusive. Investment that supports businesses to help understand customers, to treat them fairly and appropriately will secure returns over the longer term.

The scrutiny that you, as an industry, face may feel uncomfortable, or perhaps unfair. But you are not the first sector, and you won't be the last, to find yourselves under the spotlight. Consumer attitudes are developing, changing. The desire for a good experience and excellent service is now coupled with higher expectations of service providers in ethics and values. The gambling sector is not immune to those same challenges. However it is yet to fully address, perhaps even understand, its responsibilities and embrace the opportunities for progress.

More directly and immediately, if you fail to respond to this challenge and persistently or repeatedly fail consumers you will face the sharp end of regulation, and over the life of this strategy we will use tougher and broader sanctions. This is important, not just for wider public confidence in regulation, but also for assurance that there is no competitive advantage to be gained from not raising standards.

Takeaways and hopes for the day

To conclude, I want to restate our commitment to make the UK the best place in the world to enjoy gambling. To make sure that consumers are safe and that operators are fair and responsible. To have higher standards than ever before, that increase year on year.

While our roles differ it is our shared interest in the outcomes that unites us –and I want you to take that message away with you today. We want to work with you to go much further and faster to reduce harm.

But we are at a tipping point, and those that do not share this commitment, those who do not deliver for the consumer will find themselves in an uncomfortable position, with their future in this industry increasingly in peril.

Many of you have asked what good looks like - I'm not sure that is the right question. Pursuing 'good' risks placing a ceiling on our aspirations. Being ambitious, being restless, looking forward, always striving to better understand your customer, better protect the consumer - that is what we want to see.

Fairer and safer - that is what we should be pursuing, now, and for the future.

making gambling fairer and safer

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