



# Call for Evidence: Gambling Regulation

Parent Zone Submission July 2023

## About Parent Zone

Parent Zone sits at the heart of modern family life, providing advice, knowledge and support to shape the best possible future for children as they embrace the online world. We were founded in 2005 and since then have gone on to collaborate with many organisations who share our vision. The online world offers enormous opportunities to children, young people and families. But we also know it can pose huge challenges. Our mission at Parent Zone is to improve outcomes in a connected world, so that children will be:

- safer online
- resilient to the challenges of the online world

educated for a digital future

### ***What are the most welcome proposals in the Gambling White Paper?***

Parent Zone welcomes the introduction of a statutory levy paid by operators and collected and distributed by the Gambling Commission. As we argued in our 2021 consultation response to the 2005 Gambling Act call for evidence, it is not right that industry decides who and what to fund.

### ***Are there any significant gaps in the Government's reforms?***

A very significant gap in the Government's reforms stems from the assumption that underage gambling is done using traditional methods, such as betting, or entering the national lottery, as referenced in the White Paper.

This completely overlooks the techniques that the gaming industry uses, borrowed from the gambling industry to encourage compulsive behaviour, such as variable rates of return, which are at their most evident in loot boxes.

These techniques are particularly concerning as our own research has found that of the 93% of children aged 8-16 that regularly play online games, nearly half believe that online video games are only fun when you spend money<sup>1</sup>. Combining this with the prevalence of loot boxes in games designed for children<sup>2</sup>, there is a serious risk of children engaging in gambling-like behaviours in games. Ignoring these techniques is a significant gap in the white paper.

This is even more worrying when you consider that researchers have found a stronger relationship between problem gambling and heavy loot-box-purchasing than between problem gambling and alcohol abuse, drug use or depression<sup>3</sup>. While it is too early to be certain of a causal link, the precautionary principle should be obtained given the extremely strong links and near identical behavioural patterns involved.

We are disappointed to see that the government does not intend to change the definition of gambling to take into account these new and emerging forms, particularly, loot boxes. The Netherlands, China, Japan and Belgium have all taken action, classifying loot boxes as gambling and regulating them. In lagging behind, the UK is failing to protect children and letting down parents.

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<sup>1</sup> [The Rip-Off Games](#)

<sup>2</sup> [The prevalence of loot boxes in mobile and desktop games - Zendle - 2020 - Addiction - Wiley Online Library](#)

<sup>3</sup> [Video game loot boxes are linked to problem gambling: Results of a large-scale survey | PLOS ONE.](#)

The white paper fails to sufficiently take into account the online context, and the fact that even if game users are not ‘cashing out’. For example, skin-gambling, an alternative form of gambling without cashing out, is not even mentioned in the white paper. Furthermore, the white paper fails to recognise that for children even if they are not cashing out, currency within games, including that which is embodied in weapons or character features, has as much value as pounds sterling.

***What are the potential barriers to the Government and Gambling Commission delivering the White Paper’s main measures by summer 2024, the Government’s stated aim?***

Not recognising within this regulation that children are taking part in non-traditional forms of gambling is a barrier to delivering the aims of the White Paper, and demonstrates that the White Paper is not futureproofed.

Relying on the gaming industry to self-regulate loot boxes, as is outlined in the White Paper, risks undermining the aim to have “no online or widely and easily accessible gambling for under 18s”. As the existence of the Online Safety Bill shows, reliance on industry has not worked with Big Tech, and current practices suggest that the gaming industry has little desire to carry out this self-regulation: currently 93% of loot box-containing games on the Play store were available to children<sup>4</sup>.

Parent Zone acknowledges that gaming is an area of rapid innovation, and the Gambling Commission as currently constituted is not able to stay ahead of it. In order to deliver the White Paper’s aims we recommend that the White Paper proposes either setting up a new division of the Gambling Commission to focus on gaming or the establishment of a separate Gaming Regulator.

Furthermore, without considering the non-traditional platforms for gambling, the White Paper’s aims are not futureproofed. Online gambling will continue to take place outside of traditional environments as these are innovated, such as the Metaverse. The lack of acknowledgement in the White Paper of existing gambling that is taking place non-traditionally demonstrates that the Gambling Commission is failing to keep up with new forms of gambling, and will be a barrier to meeting the White Paper’s aims in the future as the nature of gambling evolves.

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<sup>4</sup> [The prevalence of loot boxes in mobile and desktop games - Zendle - 2020 - Addiction - Wiley Online Library](#)