

**The Lotteries Council written response to the Gambling Commission Consultation on gambling with credit cards**

**October 2019**

The numbers below refer to the question numbers on the online survey.

**Option A - proposed changes to LCCP to prohibit the use of credit cards for all remote operators (ie all remote betting, casino, bingo and lottery operators) and non-remote betting operators**

5: Do you think the Commission should introduce a prohibition on the use of credit cards for online betting and gaming? **The Lotteries Council encourages socially responsible play and will support measures which reduce harm, but it is essential that this is not undermined by decisions which have no factual grounding or incomplete sectoral consideration or are based on conjecture. The Council is of the view that any changes should consider gambling with credit generally, rather than credit cards in particular. Credit cards are the simplest form of credit to control by their providers who can easily determine patterns of use and, if the will and the rules were there, prevent abuse. This is not so easy with overdrafts or payday loans, to which users of credit cards will be driven if their use for gambling is prohibited.**

6: Do you agree that remote lotteries (society lotteries and external lottery managers (ELMs)) should also be subject to a ban on credit card payments for participating in lotteries? **No. The usage of credit cards by players of remote is extremely small. Members who do accept credit cards have reported that approximately 3% of players pay by credit card. Taken as a percentage of all players, this will be very low.**

**The latest NatCen survey on Gambling Behaviour in Great Britain<sup>1</sup> shows that 1.5% of players of “other lotteries” and 1.8% of players of scratchcards (including National Lottery scratchcards) suffer from gambling-related harms. There is no evidence that these harms are caused by playing lotteries and scratchcards, merely that those players, who also participate in other gambling activities, suffer such harms. The number of players actually caused harm through playing lotteries is, therefore, very low.**

**Given the low usage and the low level of harm, the likelihood that prohibiting the use of credit cards for remote lotteries will reduce gambling harms will be negligible.**

7: Do you think a ban should be extended to non-remote lotteries (where payment for participation in a lottery is made in premises or by post, for example)? **No. The argument set out in 6 above applies equally to non-remote lotteries. In addition, however, the purchase of lottery tickets (including scratchcards) in a non-remote setting tends to be an ancillary purchase. Prohibiting the use of credit cards will have the consequence that shopkeepers will have to determine whether any purchase which includes a lottery ticket is being paid for by credit or debit card and, if the former, to insist on separate payments. This adds an unnecessary burden onto the shopkeeper and an unintended consequence could be that**

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<sup>1</sup> “Gambling Behaviour in Great Britain 2016”, NatCen Social Research, published September 2018, table 5:5

lottery tickets are no longer sold in retail premises. The purpose of lotteries, let it not be forgotten, is to raise money for good causes.

- 8: Do you agree that the Commission should introduce a prohibition on the acceptance of credit cards by non-remote betting operators alongside a prohibition of credit cards for online gambling? **The Lotteries Council has no view on this other than to repeat the answer given to question 5, above.**
- 9: Do you agree with the wording of the proposed new licence condition 6.1.2 [*“Licensees must not accept payment for gambling by credit card. This includes payments to the licensee made by credit card through a money service business.”*] to prohibit gambling online with credit cards (whether the credit card payment is made directly with the operator or through a money service business eg a digital or e-wallet)? **No. the answers given to 5-7 above address this point. However, this is the first mention of payments through a money service business. At present, there is no way to distinguish payments through such businesses between those made by credit card and those made by any other means. Prohibiting payments by credit through a money service business would have the effect of prohibiting all payments through a money service business.**

**Option B - proposed changes to LCCP to introduce controls and limits on the use of credit cards, to be applied to all forms of remote gambling and non-remote betting, instead of a prohibition**

- 10: Do you agree that the Commission should introduce limits, restrictions and control measures on the use of credit cards for online gambling instead of a prohibition on credit cards? **Operators of remote lotteries already have in place restrictions and control measures to prevent problem gambling. Such restrictions are typically set at a very low level and, even at those levels, are rarely triggered. Social responsibility provisions 3.4.1 and 3.4.3 already apply here.**
- 11: Do you agree that non-remote betting operators should be included within the code so that they would also have to provide the same measures as remote gambling operators? **The Council has no opinion other than to repeat the point made in 5, above.**
- 12: Do you agree that lottery operators should be included within the code so that they would also have to provide the same measures as other remote gambling operators? **Operators of remote lotteries already have in place restrictions and control measures to prevent problem gambling. Such restrictions are typically set at a very low level and, even at those levels, are rarely triggered. Social responsibility provisions 3.4.1 and 3.4.3 already apply here.**
- 13: Do you agree with the wording of the proposed new social responsibility code provision 3.7.3 [*“Licensees who choose to accept credit cards must do so in a manner which minimises the risk of customers experiencing harm from gambling and monitor the effectiveness of the controls applied.”*] that would require operators to minimize the risks of harm from gambling with credit cards? **This is tautology – it is already covered in provisions 3.4.1 and 3.4.3.**
- 14: Do you agree that the suggestions for specific control measures should be introduced as part of an ordinary code provision 3.7.4 [*“To minimise the risk of harm from the use of credit cards licensees should provide the following measures prior to allowing a customer to use credit card funds for gambling: Limiting customers to one credit card as an active payment method at any one time; Implementing a delay period between the addition of a credit card as an active payment method and making the first deposit available for staking; Implementing a delay*

*period between the depositing of new funds from a credit card into a customer account and those funds being available for use.; Requiring customers to set a limit for deposits from their credit card, including both limits on deposit amounts and deposit frequency; and preventing customers from using a credit card any further when those limits have been reached; Preventing customers from using sub-prime credit building cards for gambling; Advising customers to check the terms and conditions of their credit agreement with their credit card issuer so that they are aware of the fees and charges that will be incurred from using that credit card for gambling; Allowing the customer to block gambling transactions made by credit card; Providing reality checks for customers on their credit card gambling spend; Preventing new customers on-boarding with any credit card until a certain period has elapsed, during which period the operator should monitor the customer's deposit and spend behaviour, before allowing a credit card to be used.”]* rather than a social responsibility code provision? **The Council does not believe this further provision is necessary.**

- 15: Do you agree with the wording of the proposed ordinary code provision 3.7.4? **No, for the reasons given in 10-12, above.**
- 16: Are there any particular control measures you think should be mandated by the Commission so that gambling operators are required to deliver them? **No, provisions 3.4.1 and 3.4.3 are sufficient.**

#### **Other consultation questions**

- 17: Do you agree that any new requirements or provisions introduced should also apply to credit card transactions conducted through e-wallets? **No, for the reasons outlined in 9, above.**
- 18: Do e-wallets have the technical capacity to identify and prevent credit card transactions for gambling? **The Council has no information about whether e-wallets can identify and prevent gambling transactions. If they are not able to, the risk is that any prohibition on the use of credit cards through e-wallets would effectively prohibit the use of e-wallets altogether.**
- 19: In the event of controls and limits being introduced instead of a prohibition, are operators able to apply such controls to credit card transactions made through e-wallets? **No, operators are unable to distinguish credit card transactions made through e-wallets from any other transaction.**
- 20: If operators are not currently able to apply such controls to credit card transactions made through e-wallets, what changes to e-wallets would be required to allow operators to continue to accept payments through e-wallets? **This question presupposes that controls on credit card transactions will be introduced. The Lotteries Council believes that existing controls are sufficient, as already explained in 10-12 above. If further controls are introduced, despite the lack of any evidence that they are required, the Commission will need to carefully consider what changes are required to e-wallets and work with that industry to ensure they can be delivered.**