

Shard Financial Vulnerability Summit 2021: Reducing risks, tackling harms

20 May 2021 Speech by [Sarah Gardner](/about-us/person/sarah-gardner) (/about-us/person/sarah-gardner)

'Reducing risks, tackling harms' - Shard Financial Vulnerability Summit 2021
speech by Acting Joint Chief Executive Sarah Gardner

Hello. My name is Sarah Gardner and I am Acting Joint Chief Executive of the Gambling Commission. It's great to speaking here today at what is such an important time for how gambling is regulated in Great Britain and how gambling related harm is tackled as well.

At the Gambling Commission we welcome this Summit's focus on vulnerability. An issue that is key to how we tackle gambling harms and reducing risk in gambling. Vulnerability is a topic that is often perceived quite narrowly but it is increasingly being recognised across many sectors that the circumstances of vulnerability are complex and unique. There are of course many reasons why an individual might be vulnerable to harm. Similarly, those that may appear vulnerable may not be.

So today I will discuss what the current picture is on gambling harms, what we mean by vulnerability in that context and what we are at the Gambling Commission are doing about it. That will also bring me on to discuss how we collaborate with others as part of the National Strategy to Reduce Gambling Harms, what we are doing in terms of regulation to reduce risk and how we will continue to make gambling safer in the year ahead.

But first, before we dive into the detail let's take a moment to state just why we are asking these questions today and why you and your organisations should care. Because whilst gambling is for many millions of people in Great Britain an activity they enjoy without concern, for some people it can lead to serious harm to them selves and their wider families and communities. Our latest data, published just last month states:

- The overall problem gambling rate is 0.4% of the population.
- 0.6% are at moderate risk of harm and 1.9% are at low risk.

And none of these statistics fully account for the many other lives, families and communities that are impacted by gambling harms. I will discuss these figures on the scale of the problem in Great Britain further later on, but these

figures should leave no one in doubt that gambling related harm is an issue that needs your attention and needs all of us to help tackle.

Which is why today's conference is so timely. As many of you will be familiar, the Financial Lives 2020 survey conducted by the FCA has found that 46% of UK adults, aged 18 and over display one or more characteristics of vulnerability. That's 24.1 million people. At the Gambling Commission protecting vulnerable people from harm is one of our key licencing objectives and so understanding what makes people vulnerable to gambling related harm is a key question for us and our work to reduce risk and make gambling safer.

The Commission has defined a customer in a vulnerable situation as somebody who, due to their personal circumstances, is especially susceptible to gambling harm, particularly when a firm is not acting with appropriate levels of care. Evidence shows that Individuals experiencing poor mental health are significantly and substantially more likely to experience problem gambling. But getting into difficulties can happen to anyone. Our requirements on operators to take action to prevent harm – what we call customer interaction - is such a vital tool in the fight to reduce gambling harm and I'll talk more about our recent work in this area shortly.

There are many reasons a person can be vulnerable and changes to an individual's circumstances may mean they become more or less vulnerable to suffering harms. A vulnerable situation can be permanent, temporary or intermittent, and may be related to health, capability, resilience, or the impact of a life event. It can be linked to your environment and it can even be a matter of whether you can access the right support when its needed.

This is not new – you will recognise that our definition and our knowledge of vulnerability builds on the work by other regulators. Whilst there are some differences in the action that might be taken in relation to gambling - there is less emphasis on facilitating 'access for all' and more on the tools and support needed to prevent gambling products being offered in ways that lead to harm. For example, the new measures we are introducing to make online products safer by design specifically remove features which increase risk.

But it's also important to remember that different vulnerabilities may not always mean you are vulnerable in any given situation. A customer may have a disability or impairment that does not affect decision making in gambling. Just because they have a disability does not necessarily mean you should treat that customer differently. Indeed, research cited in the PSA vulnerability report suggests 50% of people with a disability do not consider themselves to be vulnerable.

Vulnerabilities differ and the appropriate response will depend on the circumstances - but even where there are no other markers of harm than the identification of circumstances that mean a customer is vulnerable, there will be times when action is important. This can happen by individual gambling companies or banks, but one of the major projects that will help identify and then protect vulnerable people from gambling related harm is the development of a Single Customer View.

Currently no gambling operator has a full picture of a customer's gambling. We recognise this increases the challenge of keeping a customer safe where operators currently only have a partial view of a customer's behaviour. A Single Customer View would give operators a full picture of a customer's risk of harm whilst keeping the customer's data secure. A Single Customer View could dramatically help reduce harm and that is why we will not accept progress at the pace of the slowest on this work. This project is also an excellent demonstration of collaboration to protect people and reduce risk. We are working closely with the Information Commissioner's Office to make sure the project will protect consumers data. Following the ICO's work to establish a legal basis for the project and ensure consumers' data is protected and secure, we will look to industry to begin solution trials as soon as possible. So we are also supporting operators as they work with us to develop the technology to test and then roll out the project.

And that collaboration, to reduce risk and protect the vulnerable from gambling harm, is a good moment to reflect on our work with the National Strategy to Reduce Gambling Harms and how many of your organisations can help.

The National Strategy provides a framework to support collaboration by partners to reduce gambling harms – the Commission and other bodies or organisations working in the financial, health and the third sector. It is not 'the Gambling Commission's Strategy'. In fact, many of the elements of the strategy reflect action by or in collaboration with others – for example: research programmes to broaden understanding of the problem and how best to tackle it, the development of appropriate public health prevention interventions throughout the country and education to prevent harm occurring.

As we have said, collaboration will be key to success in tackling and driving down levels of gambling harms and many of your organisations and companies here today will no doubt be able to play a role in this work.

For example, the Finance and Banking industries are an excellent example of successful collaboration and sharing best practice. Just a few years ago there

was very little support for customers from their Banks to help protect from gambling harm. Now 90% of debit cards have gambling blocker options for customers. The financial sector is increasingly considering gambling as part of their own work to identify and support customers in vulnerable situations and work by organisations such as the Money and Mental Health Policy Institute, the Personal Finance Research Centre and GamCare all provide evidence and toolkits which the financial sector can use to support customers who are vulnerable because of or alongside gambling. The Gambling Commission's ban on gambling with credit cards that was introduced last year is a significant preventative measure. Together with gambling blocks and approaches to gambling vulnerability in the financial sector this is a significant step up in tackling the risks vulnerable people face with gambling.

Of course, the last year has changed the shape of the risk that many people face. The stresses of Covid continue to be felt even as Great Britain looks to move past the pandemic. Still the last year has also shown the power of collaboration and this is something we can all take lessons from. At the Gambling Commission we continue to monitor the impact of Covid-19 and have regularly published our mix of operator and consumer data we've collected to understand the risks better.

Against the backdrop of the full pandemic period, the underlying picture shows that we are right to continue to demand extra operator vigilance.

Most people are still spending more time at home and online and many are likely to be feeling more isolated and vulnerable as a result of the ongoing pandemic. That is why we expect gambling companies to:

- follow the strengthened guidance that we issued during the first lockdown;
- pay attention to the data that shows consumers expanding their portfolio of games and spending more time or money than before;
- interact directly where triggers of harm are reached, in addition to their more generic email engagement;
- and avoid any temptation to exploit the current situation for marketing purposes and be cautious when seeking to cross-sell products.

Also, at the end of April we published our latest participation and problem gambling prevalence data for the year to March 2021 which includes the first full set of yearly data since the start of the pandemic. This of course means great care needs to be taken with any analysis. The year has seen differing states of lockdown and different availability of gambling products. That said the figures still require attention:

- As I said earlier, they state that the overall population problem gambling

rate is 0.4%. This is however down from 0.6% the previous year.

- Further to this the figures for the moderate risk rate and low risk rate are also down. From 1.5% to 0.6% and 2.7% to 1.9% respectively.

While the drop in the problem gambling rate is not significant at the 95% level that we demand, the drop in moderate and low risk gambling is. In addition, if looking at the longer term trend over the last five years, the data shows a clear reduction in the rate of at risk gamblers and also suggests that we may be starting to see a decline in the overall rate of problem gambling. This does not mean we will take our foot off the accelerator when it comes to protecting consumers - instead it should be seen as an opportunity to continue building momentum in our efforts to make gambling safer.

Of course, at the Gambling Commission, our main role - our principal avenue for tackling gambling harm and reducing risk - is through our regulatory powers.

The Gambling Commission, through our regulatory role, our uncompromising stance to setting standards and through compliance and enforcement of our rules, has worked to strengthen regulations to protect children, young people and the vulnerable from harm. As part of this agenda in the last three years:

- our Review of online gambling led to us strengthening age and ID verification, improving requirements on how gambling companies identify customers who are or at risk of suffering harm and banning gambling on credit cards;
- we took action on confusing and opaque terms and conditions and strengthened the Alternative Disputes Resolution system to make the relationship with customers fairer;
- we have systematically ramped up our compliance and enforcement action: introducing Annual Assurance Statements, carried out targeted thematic reviews, such as on online casinos, issued over £100 million of penalty packages since 2017/18 and revoked 10 operator licences since then as well.

This record of action should leave no one in doubt that the Gambling Commission is totally focused on making gambling safer, fairer and crime free. But as I have said already, through collaboration with others, through collectively identifying issues and coming up with solutions, we can make further progress.

And coming together to solve problems also requires scrutiny. As a statutory regulator it is right that we are scrutinised and held to account for how we

deliver the licensing objectives and we know that different groups have very different views about gambling regulation.

In particular, we welcome greater interest from Parliament in making gambling safer. So it should come as no surprise to you that as the Government's statutory adviser on gambling, we are pleased to be supporting our sponsoring department – DCMS - with the Gambling Act Review.

The Gambling Act Review will be one of our main areas of focus in the year ahead. But that focus will not be at the expense of continuing to act to make gambling fairer and safer. We will not be waiting for the outcome of the review to address the issues we have identified in the sector. We won't be easing off the pressure, or the pace to make gambling safer. And neither should gambling operators.

When you read our plans for the future that is also clear. Our updated three-year Corporate Strategy, published last month, is written with this squarely in mind and our Business Plan makes clear our priorities. Our new Corporate Strategy will focus on five objectives:

- protecting children and vulnerable people from being harmed by gambling
- a fairer market and more informed consumers
- keeping crime out of gambling
- optimising returns to good causes from the National Lottery
- improving gambling regulation.

Alongside our Corporate Strategy, we also published our Business Plan. It outlines the key milestones we plan to complete and address during 2021-22 – a year in which implementing and ensuring operator compliance with enhanced player protection will continue to drive our work. As you would expect there is a keen focus on actions to protect people from harm.

In October we will begin enforcing new product design rules. Published earlier this year, our new rules to make online products safer by design includes banning features which increase the intensity of gambling and allowing consumers to reverse withdrawals from their accounts.

A consultation and call for evidence that closed earlier this year on how online gambling companies identify and intervene with customers suffering or at-risk of harm will also see us take further action to reduce the risk of gambling harms, particularly for customers who are vulnerable. There was a huge response to this call for evidence, with over thirteen thousand

responses. It is of course a controversial and complex area and we need to strike an appropriate balance between consumer protection and concerns about privacy and consumer choice. Such a volume of responses will take time to process. But this will not stop us dealing with levels of harm that are clearly well beyond any border line of acceptable risk.

Our live casework makes this clear. In far too many of our compliance assessments we still find failings relating to customer interaction and affordability.

You can also look at the casework examples in last year's Compliance and Enforcement Report. Such as the online casino customer who, in one gaming session lasting over 7 hours, amassed losses of £16,500 and the only interaction during this time was to ask the customer to confirm a new card to make sure the payment was theirs. Then in another 7 hour session there were no interactions made at all with that customer. No one can tell me that is a border line case.

That means we will be taking the next steps towards introducing requirements on operators to take action at more appropriate levels. Our immediate action will be focussed on preventing the types of cases we still see too much of in our casework. In particular this will tackle where operators have allowed people to gamble amounts that are clearly unaffordable, with very limited or no customer interaction until a very late stage; we will act to prevent harm to those who are financially vulnerable.

These significant cases are preventable and we will take action to make sure operators who follow our rules do so.

Making gambling safer, making it fairer and keeping it crime free is what drives everyone who works for the Gambling Commission. Protecting vulnerable people is one of our most important duties and it's one we take seriously.

Progress is being made but reducing harm and risk is not a short term project with easy fixes. It takes a collective effort with us all playing our part. Yes, that means at times we will need to scrutinise and be scrutinised. When people are suffering harm it will always be hard for everyone to agree on what to prioritise. But by keeping a clear view on who is vulnerable to gambling harms and working together we can make a difference.

We at the Gambling Commission continue to stand ready to work with and support others in this effort. That includes gambling operators. We know many gambling firms have had a tough year and tougher decisions to make to save jobs and livelihoods. We will work with those operators who step up to

work with us.

But we will not move at the pace of the slowest. Considering the future won't cause us to compromise the here and now. Even through the turbulence of the pandemic, we have made progress. We are on the right track. So, let's keep on going together.

Thank you.