

Know Now 2021 Conference - Keynote Speech

07 September 2021 Speech by [Tim Miller](/about-us/person/tim-miller) (/about-us/person/tim-miller)

'New normal, higher expectations' - Executive Director Tim Miller's keynote speech at Know Now's 2021 conference on Social Responsibility for Gambling Operators.

Thank you, I can honestly say it's great to be here.

This is the first in-person event I've spoken at since COVID-19 hit last year and I'm sure it's the first in-person event for many of you here today as well. I'm sure that many of us feel quite excited and energised to be back meeting people face to face. But I also know, from my own team and my own family, that many of us will also be feeling slightly anxious about returning to some of our old ways of working. The first time going on the Tube in 18 months wasn't exactly an experience I was relishing. But I just wanted to acknowledge the range of ways that people will be feeling about today and that I will not be offended if anyone feels like getting up and taking a break whilst I'm speaking.

Now, I'm sure the days of virtual meetings and conferences will continue; in many ways they make sense. But there will always be a place for face to face engagement and so I would like to thank Know Now for putting this event together and to the venue team for helping us to meet together safely.

And today, as we come together to discuss how we can all make gambling safer, it is clear that the impact of COVID-19 on gambling has been significant and for many more reasons than just the lack of in person conferences.

At the Gambling Commission, throughout the last 18 months or so we have tracked how the pandemic has led to changes in people's behaviour and how the risks they may be exposed to have changed. We have, at times, taken quick, uncompromising and necessary action to address those risks. But as we, hopefully, take the first tentative steps out of the pandemic many of us will be asking where has it left us today and where next?

Today I want to explore those questions a little bit:

- I will go over the progress we have made in the face of once in a century challenges
- I will discuss our work and expectations around current priorities such as customer interaction and affordability
- I will also touch on some of the areas where the Commission is focussed on raising our own standards

- finally, I'll look ahead in terms of what you can all expect from the Commission in the months ahead.

But in terms of approach, it should be no surprise that these next steps are focussed upon the same objectives the Gambling Commission has always had.

As most of you know, everything the Commission seeks to do is guided by our Licencing Objectives:

- preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- ensuring that gambling is conducted in a fair and open way
- protecting children and other vulnerable people from being harmed or exploited by gambling.

Building on this, in terms of the principles that underpin how we deliver those objectives, we are an evidence-based regulator and we will seek to deliver the Licencing Objectives by gathering and acting based on evidence. And we recognise that there will be times where the evidence base may not always be conclusive but where risk to those Objectives means we rightly take action through use of the precautionary principle.

In the months leading up to the pandemic we at the Commission were already busy. On the back of clear evidence, we had called upon industry to work with us to make progress in three key areas:

- the treatment of High Value Customers or 'VIPs'
- the design of games and products
- the use of Ad-Tech to protect children, young people and people who may be vulnerable.

By March 2020 the Commission was able to welcome progress on all fronts whilst making clear more would need to be done. In relation to Ad-tech, actions taken immediately by the industry included:

- a common list of negative search terms and suppression websites, to help shield vulnerable groups from online adverts
- better and more consistent use of customer data to ensure paid-for-ads across social media platforms are targeted away from groups that may be vulnerable
- requiring that advertising is only targeted at over 25s on social media and "Pay Per Click" advertising, protecting young people and increasing confidence in the social media platforms' own age-gating
- age-gating YouTube channels and content
- adopting and rolling out to all affiliates a code of conduct which will be amended and updated on a regular basis to ensure all measures undertaken by the industry

will be implemented equally by affiliates.

The Commission then continued working at pace to deliver change to reduce risk and harms. First came new rules to stamp out irresponsible 'VIP customer' practices. Now, before any operator makes a customer a VIP they must:

- establish that customer's spending is affordable and sustainable
- assess whether there is evidence of gambling related harm, or heightened risk
- ensure licensees have up to date evidence on identity, occupation and source of funds
- continue to verify information, conducting ongoing checks on each individual.

This was followed by a world leading package of changes to make online games safer by design. The new rules, which come into force on 31 October include the outright ban of four key features of online slots games:

- features that speed up play or give the illusion of control over the outcome
- slot spin speeds faster than 2.5 seconds
- auto-play
- sounds or imagery which suggest a win when the return is equal to, or below, a stake.

These are all prime examples of how the Commission works hard to make gambling fairer and safer in line with our statutory objectives. Identifying risks based on evidence, addressing the issues rapidly where collaboration is possible and underpinning progress with solid regulatory requirements.

But we are not just working in this way to make gambling fairer and safer. We also adopt the same approach to keeping crime out of gambling.

One example that illustrates the point is our work around illegal online gambling. The Gambling Commission is alive to this danger and regularly takes action to cut off or shut down these sites. With rapid changes in technology we know we need to be increasingly fleet of foot and may need a broader range of tools to tackle emerging risks. We are pleased that the Review of the Gambling Act includes a focus on the powers and resources of the Commission. Industry and others are right to flag the risks that can come from the black market. But the solution to tackling that black market is not to cease taking action to make regulated gambling safer. We won't legitimise poor practice at home through fear of what might be happening elsewhere. Making gambling safer and keeping crime out of gambling are not mutually exclusive and we will continue to pursue both of those objectives rigorously.

Another example in this area is our work to tackle money laundering. When we talk about the results of our ramped up compliance and enforcement action in recent years, the focus is often on the failings of operators to minimise the risk of harm. But

just as often operators we take action against have failed to meet our standards to prevent money laundering as well.

Significant and substantial assessment continued for both land-based and online gambling businesses in the previous year – albeit that the pandemic meant we relied heavily on remote assessments. Our compliance activity and enforcement cases continue to evidence that some licensees' money laundering and terrorist finance risk assessments, and policies, procedures and controls continue to be not fit for purpose despite numerous case publications and ongoing guidance issued by the Commission to assist operators to be compliant. Both online and on the high street we have seen notable cases this last year and this year's Compliance and Enforcement Report will again detail what we expect from operators in this area.

So for those of you involved in the discussions during tomorrow's sessions, remember that the Gambling Commission will take action where operators do not meet their duties when it comes to preventing money laundering and terrorist financing.

Across our Licencing Objectives, despite the pandemic, we have continued to drive forward, following the evidence to make gambling fairer, safer and crime free. One piece of work - which has attracted a lot of attention - is our work on remote Customer interaction.

Now, as this audience will know, all licensees are required to interact with customers in a way which minimises the risk of customers experiencing harms associated with gambling. This is nothing new. And current requirements, which came into force in October 2019, place a duty on remote operators to identify customers at risk of harm and take action.

However, despite these existing requirements the evidence of our casework is clear. We continue to see example after example of operators who have allowed people to gamble amounts that clearly place customers at risk of harm with very limited or no customer interaction until a very late stage. Just to be clear, we are not talking about grey areas here. We are talking about significant binge gambling or clearly unaffordable levels of gambling without action being taken. Can anyone in this room seriously justify allowing a new customer to lose £10,000 within minutes without any checks or interaction? It is issues such as these that we are seeking to address in our customer interaction proposals. Going back to our Licencing Objectives, the Gambling Commission has a duty 'to aim to permit gambling' as long as it is in line with the Licencing Objectives. But we will not permit operators to continue to place their commercial objectives ahead of customer protection.

The consultation and call for evidence received around 13,000 responses and having now assessed the responses and the evidence, we will be publishing revised LCCP requirements on customer interaction in the coming weeks.

Beyond that, our planned next step will be a consultation on thresholds for identifying key financial risks: when it comes to significant losses in a very short

time, significant losses over time and financial vulnerability. We are mindful of the fact that there is an ongoing review of the Gambling Act and do not plan to consult on issues that are rightly for that Review. However, as the example I gave earlier shows, operators are allowing consumers to be exposed to unnecessary risks **now**. The multiple failures to comply with our existing outcomes focussed rules has forced our hand into bringing forward more prescriptive requirements to ensure that those longstanding regulatory outcomes are delivered.

Of course, whilst we continue to take action to raise standards in the gambling industry, it is only right that we look to raise our own standards as well.

As a statutory regulator it is right that we are scrutinised and held to account for how we deliver our role to support the licensing objectives and we know that different groups may have very different views about how our role should be performed. Like all public bodies we should strive to be a high performing, efficient and effective organisation to deliver the important duty that Parliament has given us. Scrutiny makes for stronger regulation and we will continue to work with Government, our fellow regulators and others to continue raising our own standards further. And I know that our new Chief Executive, Andrew Rhodes, and new Chair, Marcus Boyle, will help bring fresh energy to that.

The Government's review of the Gambling Act provides a helpful opportunity to look at our powers and resources so that we can ensure that the Gambling Commission is fit for the challenges that we will see over the coming years and that our performance is as strong as it can be.

Last year we welcomed the NAO's work with us, another important part of public scrutiny and accountability. Their subsequent report and that of the Public Accounts Committee has helped us bring focus onto some of the key issues for gambling regulation in Great Britain.

One of the areas where the NAO rightly challenged us was on the way we use data as a regulatory tool. Undoubtedly we need to do much more in this space. We are clear that, in order to be evidence based in our approach, we will increasingly need access to robust, comprehensive data. Further investment will be essential for the Commission to both realise the potential and manage the risks that come from regulating an industry where technology is changing all the time. However, all the investment in the world will not deliver a more effective Gambling Commission if the data we receive from operators is lacking.

Historically, we have needed to carry out huge amounts of quality assurance on the data provided through the regulatory returns process. Returns have been late, or sometimes not delivered at all, with many returns being full of errors. Despite this being an LCCP requirement, some operators have thought it acceptable to, in effect, outsource the quality assurance of **their** data to the regulator. This is not something that can continue.

Industry and others should rightly hold our feet to the fire to ensure that our work is grounded in evidence. But the quality and timeliness of data from industry is the single biggest limiting factor. In next year's business plan we will set out a programme of target compliance and, if necessary, enforcement action around the quality and timeliness of the regulatory returns we receive. So I would strongly encourage operators to use the remainder of this business year to ensure your data quality processes are robust and fit for purpose.

The last eighteen months have been a period of profound challenge for everyone, including the Gambling Commission.

But despite the turbulence that all of our lives have faced, the Commission's objectives have remained the same. It has not diverted us away from the course of making gambling fairer, safer and crime free.

So, we will be continuing our work on customer interaction, addressing the risks that we already see in our casework.

We will also continue to work with the ICO to support a collaborative industry led pilot on a Single Customer View.

And across the full regulatory framework - from where operators fail to provide timely, full and correct regulatory return data through to unacceptable social responsibility failings - we will continue to be unrelenting and uncompromising on ensuring compliance with our standards and taking enforcement action where those standards are not met.

Whilst we all hope the next eighteen months are less challenging than the last, my five years in gambling regulation have taught me that they will still have their moments. But the message I want you to take away today is a simple one. Whatever else changes, the work to make gambling in Great Britain fairer, safer and crime free continues.

Our desire to collaborate with all of you who share this ambition continues. And our willingness to use the full range of our regulatory toolkit to deliver that ambition, also continues.

Thank you.