

Sarah Gardner International Legislators’ Agenda speech

12 April 2022Speech by [Sarah Gardner](#)

Deputy chief executive Sarah Gardner's speech, delivered at the 2022 ICE World Regulatory Briefing.

Good morning everyone, it is great to be here today, and even better to be doing this in person. The last time we were all here together at ICE was in February 2020, we had very little idea of the challenges the next two years would bring.

For the last two years, although we may be from different parts of the world, we have been facing similar challenges. I am going to talk today about some of those challenges, such as the growth of novel products.

Although some of these products are new and unfamiliar in some respects, they can bring with them something we are all familiar with – that is the potential to cause harm. So I am going to talk about the need to work together to tackle this as well as how greater collaboration between us can help elsewhere too.

The gambling industry has been evolving, becoming increasingly online centric, for some years now. That was already the case when we were last here at ICE together, two years ago. With so much of normal life shutdown during lockdowns, as a result of the pandemic, many people and organisations looked for ways to adapt.

To help us understand what that looked like in gambling, we collected monthly data from the largest online operators throughout the pandemic. This data showed that in times of tightening restrictions, online engagement also increased and we saw this play out in the number of active players and bets, as well as longer session lengths when it comes to slots play.

While we didn’t see what I would call an explosion in online gambling, we did see an increase in engagement as a product of consumers simply spending more time online. Globalisation is also relevant here. We didn’t see some things we might have expected. For example, while top tier sport was paused at the start of the pandemic, betting on real events didn’t cease to exist in that period. This is because consumers now have access to a multitude of markets, including those which are international.

As regulators, we have to be conscious of the significant changes in the ways in which gambling happens. Look around this event and you will see that many of the businesses we regulate are nowadays much more like global tech firms than traditional gambling operators.

And just as we look at the risks which these developments present, we are looking at ways to exploit technology to make this industry safer – such as our work on the “Single Customer View” and the ever-increasing importance of the use of data to understand what is happening in the market . I'll say a bit more about this in a moment.

But with this growing online market, we are seeing new threats. Some of our stakeholders will assume I'm primarily thinking about threats like the “black market”, referring of course to the unregulated space. That is obviously an area of focus for us but we do at least know about it and we are deploying more resources to combat it.

In a different category of threat is something that we have seen emerging in the last few years in terms of new, novel products which have hit the market. I'm thinking, for example of products that do not fit wholly or neatly within definitions of gambling products, products which don't use language that make it clear whether something is an investment or a bet. And often products that don't fall in our remit and should not.

Our concern is that this all adds up to a risk of harm.

When we talk about gambling harms, we typically think of them evolving through a pattern of increasing losses and deposits. And we expect the gambling operators we license to intervene. However, the patterns we see in some of these novel products do not look like that. We see consumers “investing” life changing money on a product which they would not if they understood it to be gambling.

This is something we need to be aware of. Although the product might look different, the potential to cause harm is still present. Collectively, we need to be watchful, we need to take action where we can. We need to talk to each other and share the lessons we learn.

It's evident that the need for us to work together is greater than ever. Not just due to these new threats but because of the internationalisation of the gambling sector I referenced earlier. British gambling operators who might not have been recognisable to some of you sat here today have become or will soon become household names in your jurisdictions through the extensive mergers and acquisitions activity we continue to see on an international basis.

We have been clear to the operators we regulate that a growing business is not an excuse for growing misconduct, and we will not turn a blind eye to bad practice.

In Great Britain, we have not been afraid to penalise larger companies. This year alone seven operators have paid more that £20m in penalty packages as a result of regulatory failures. These are companies that, if not already, you may find yourself working with too. Again, we need to share lessons learnt, best practice and keep talking.

Our approach to enforcement is not due to ease up, as detailed in our business plan which we published last week. During 2022/2023, we expect to carry out around 130 regulatory and criminal investigations. But enforcement in our own market will not solve all the problems or tackle all the issues. We know that we need to be more agile in how we respond to the challenges we face as this market continues to evolve at pace.

I have been talking about a growing online market which in GB has increased from accounting for 42% of GGY in 2015/16 compared to 53% in 2019/20 (excluding National Lottery) and that growth is expected to continue. Additionally, market consolidation means that the market now is dominated by a small number of operator groups, data from 2019/20 shows that a small handful of operator groups accounted for nearly half of GGY (excluding the National Lottery),and as we know as the industry scales up to the global level, so does the potential risk. And as with any risk, the larger it is, the more resources it takes to guard against it.

When we look at our licensing, compliance and enforcement work - the difference in the resources necessary to deal with a smaller local operator compared to a multi-national outfit is stark. Similarly, I am struck by the very significant increase in the complexity of our most recent change of corporate control cases This is a job that needs doing and doing well. But as you will all know from your own work, in your jurisdictions, doing it well comes with a cost and the resources needed are often different in terms of skills, availability and so on.

As such, I suspect we are not the only gambling regulator looking at our resources and how those need to adapt with this changing landscape.

Last year we welcomed the Government’s decision to uplift our fees. We are currently supporting the British Government with their Gambling Act Review. The Commission has welcomed this and that is looking at our powers and resources which we particularly welcome. But as detailed in our business plan, we aren’t going to stop making progress while we wait for the Review to end. We are going to press on with important work such as the work we have been doing to strengthen our customer interaction requirements. On that, we are planning to publish our consultation response later this week.

Something else we are pressing on with is strengthening our data. Data is central to an increasingly online world. With better data comes a clearer picture of the market we are regulating and the consumers we are protecting. This year, we have committed to improve our data.

We are, for example, committed to getting a truer picture of consumer behaviour. This way we can adapt to regulate where necessary. One way we are doing this is through our participation and prevalence methodology which you can read about on our website if you’re interested to know more. In essence, we are improving the way we collect our most important dataset, to create a single, gold standard survey that covers the whole of Great Britain.

Data is also integral to our work on the Single Customer View – the goal of which is for industry to use their data in a more joined up manner to protect consumers from harm. We continue to work with the Information Commissioners Office and industry to ensure consumers’ data is protected within a single customer view. We are determined that this becomes a working model in the near future.

Although the world has changed, our desire to ensure gambling is safer, fairer and crime free remains. The challenges are evolving but so must we. We must work together, especially where we are regulating the same operators.

Let’s move forward with confidence and show our collective capability.

Thank you.

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