



## The Gambling Research Center of the University of Hohenheim

### Newsletter July 2018

#### Current Developments of Regulation in Foreign (European) Countries

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On 10 June, the Swiss people held a referendum on the new Federal Gambling Act. Advocates of the bill prevailed with a clear majority (72.9%). The result paves the way for legal online gambling in Switzerland. However, only terrestrial casinos in Switzerland will be eligible for licences to offer online games of chance. Consequently, all other foreign providers will be excluded from the Swiss market. With the Federal Gambling Act, Swiss legislators aim to maintain income from online games of chance in order to earmark them for social and humanitarian projects. Opponents of the bill held critical views especially because the bill plans ISP blocking of foreign providers. In their opinion, this contravenes net neutrality. Before the referendum, massive advertising campaigns were mounted for and against this bill. The new Swiss regulation takes a clear stance against a seemingly running trend, namely, a full liberalisation of the European gambling market as seen in Sweden.

Gambling regulation in Malta is also seeing a sea change. Amendments of the regulation concerning this market, which is paramount for all of Europe, will presumably enter into force on 1 July 2019 for online licence holders and on 1 January 2019 for terrestrial providers. The aim of this amendment is to improve the Maltese Gaming Authorities' capacity to act. Consequently, this should improve gambler protection as well as counteract money laundering step-by-step through smaller changes. The Malta Gaming Authority is currently working on a comprehensive exclusion data. For terrestrial providers in Malta, this exclusion scheme has already been in place. The online market has lacked such an exclusion scheme working across types of games and providers. So far, online providers have been obliged to provide gamblers with the option to self-exclude. However, they have not been obliged to be included into the central exclusion scheme. By introducing a comprehensive exclusion scheme, gambler protection should improve significantly.

In Scandinavia (Norway), it seems that gambling regulation tightens as well. The aim is to better protect the prevailing state monopoly by combatting illegal foreign providers more fiercely. To this end, the measures encompass network barring (ISP blocking) and so-called "financial



blocking”, which implies blocking payments by finance institutions (banks, credit card providers, payment providers, etc.) between gamblers and illegal providers of games of chance. If this new regulation passes all checks by the European Commission, the new Norwegian Gaming Authority will considerably gain in strength.

*Sources:*

**European Commission**

**Malta Gaming Authority 1**

**Malta Gaming Authority 2**

**Federal Chancellery of Switzerland**

## **UK Introduces Drastic Restrictions for Slot Machines**

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The British Government will strengthen consumer protection in the United Kingdom. By drastically reducing maximum stake limits at so-called FOBTs (Fixed Odds Betting Terminals) from currently 100 pounds to 2 pounds, these are significantly neutralised. The government thus follows a recommendation of the Gambling Commission, which sees a considerable risk potential in these forms of slot machines. However, the date of this neutralisation has remained unknown.

For slot machines with less risk potential, gambler protection is to be improved by introducing stakes and time limits. In other areas, gambler protection also improves - for example through stricter rules concerning age verification in online casinos.

*Sources:*

**British Government**

**Gambling Commission UK**

**Supreme Court rules Sports Betting in the US**

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The US Supreme Court’s judgement on 15 May 2018 caused a commotion. It ruled that the federal law (practically) banning sports betting completely (with few exceptions for example in Nevada) was unconstitutional as it restricts the states’ sovereignty. Thereby, states can now adopt own regulations to permit sports betting. In some states, preparations for such amendments are currently under way and could already enter into force within months. For gambling providers offering sports betting, a huge market worth billions will probably open up. The US sports world takes different stances with regards to the judgement. On the one hand,



many warn of the dangers of problematic gambling behaviour, addiction, and manipulation of games. Others already project higher income.

Sources:

[The Economist](#)

### **Banks Charge Fees for Gambling-related Payments**

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As recently unveiled, several German banks charge payments for (online) gambling services from their clients. Other credit institutions are currently planning to introduce such fees. Banks are very creative regarding the introduction of new types of fees for their clients during this low-interest period. Aside from that, these news are of particular interest especially in light of problems that fighting illegal gambling entails.

Various positions argue adamantly that it is impossible for banks to realise whether transactions to companies are payments to providers of games of chance. To collect all fees, however, credit institutions are seemingly able to learn about the end or the recipient of certain transactions. If credit institutions had access to the White List of Gambling Supervisory Authorities of all federal states, which lists all legal providers in Germany, and were to compare it with their information, the community would benefit to a great extent. In terms of this process, transactions to illegal providers could be cut off and payment providers would meet their legal responsibilities (“...any involvement in payments in connection with illegal gambling is forbidden.” see § 4 Paragraph 1 Sentence 2 GlüStv).

Sources:

[Lenné Law Firm](#)  
[Handelsblatt](#)  
[Whitelist](#)

### **Loot boxes - Do the Digital Lucky Bags Count as Games of Chance?**

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Loot boxes, virtual boxes that upon purchase provide random content, are an unprecedented gambling phenomenon and have sparked great media interest during the last months. In late 2017, gambling supervisory authorities in Belgium, the US, and Australia have already addressed the question, whether loot boxes represent regular games of chance. For software developers, micro-transactions in video games and other applications have grown to an



immensely lucrative and indispensable market worth billions. With respect to the Germany market, it has remained undecided whether these digital lucky bags are subject to the German Interstate Treaty on Gambling. Experts mostly fear that these random contents could make youth at risk get into touch with gambling at an early point in time.

On behalf of the Bavarian State Parliament, the Commission for the Protection of Youth in the Media investigated loot boxes and their effects on youth and children. Results show that objectively, these products are not harmful. It depends on the concrete design of boxes as well as the target group. However, this is not a gambling-related evaluation for the German market. Thereby, it remains to be seen, whether these products are subject to gambling regulation.

Apple implemented requirements, which had been published in late 2017, concerning apps offered on the App Store. Contravening apps were removed or must provide detailed information pertaining to underlying probabilities. For the first time, the South Korean competition authority furthermore charged several South Korean video game producers with fees for misleading advertisements for loot boxes. The Belgian Gambling Commission clearly deems loot boxes gambling products and prepares the prosecution of providers.

Sources:

[Belgian Gaming Commission](#)  
[Games Wirtschaft](#)  
[Korea Herald](#)  
[Mac & i](#)  
[Spiegel Online](#)

### **Does Financial Blocking Entail Illegal Data Retention?**

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In the wake of illegal online gambling, Germany takes a tedious fight for a number of reasons. A fragmentation of responsibilities among federal states would be one of them. According to many experts, financial blocking aka payment blocking, which implies the blocking of payments between users and providers of illegal online games of chance, is one of the most effective instruments to combat illegal online gambling. The German Interstate Treaty on Gambling intends to ban credit institutions and providers of financial services from arranging payments to gambling providers or gamblers on the internet. In late 2017, when the Panama Paper were released, the German "Lotto- und Totoblock" (DLTB) demanded the application of this instrument.



However, in light of data protection, this approach to fight illegal gambling is disputed. Different expert opinions come to differing conclusions. Prof. Matthias Rossi concludes that payment blocking entails illegal data retention as it is necessary to collect further personal data in accordance with guidelines concerning money laundering. Such include e.g. IP addresses for localisation. For this reason, this instrument is unconstitutional. Another expert opinion by 2B Advice GmbH drafted on behalf of DLTB concludes that under certain circumstances, blocking financial flows is lawful. This instrument to fight illegal gambling thus remains undefined in terms of admissibility. We predict that in the future, this issue must be settled in court.

*Sources:*

[golem.de](#)  
[Press release of DLTB](#)

### Artificial Intelligence Recognises Problematic Gamblers

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A startup company called “human” was founded in 2016 and has already been active internationally. At the moment, it is a talking point due to their highly advanced artificial intelligence. The highlight of this development is the link between face recognition software and a type of emotional machine intelligence. This new technology could bring about a revolution in many areas such as staff resourcing and health (e.g. prevention of suicide). In terms of games of chance, this technology could be used especially for terrestrial games of chance in casinos as well as arcades. According to own statements, the software can be used to recognise subconscious facial expressions of gamblers to better monitor the psychological state of gamblers. The official gambler protection organisation in the UK, GamCare, already certified this system, which helps to recognise problematic gamblers.

Excluding justified serious concerns regarding data and privacy protection, this system could be a promising means to improve future terrestrial gambling. Furthermore, this software could target emotions of gamblers to make them continue gambling. Artificial intelligence and their application in gambling are surely topics that will be discussed in years to come.

*Sources:*

[BusinessCloud](#)  
[human](#)  
[THE MEMO](#)



## Research

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*Publications presented in this section merely represent the views of their respective authors. Publications were chosen to provide recipients with insights into the current scientific discourse. We intend to neutrally summarise current scientific publications.*

### **The Impact of Speed of Play in Gambling on Psychological and Behavioural Factors: A Critical Review**

In their latest publications, famous authors Harris and Griffiths investigate on the influence of the pace of a gambling product on psychological factors. To this end and to identify research gaps, they conducted a review of the literature. They found 11 relevant scientific articles. Even if authors point out inconsistencies and missing longitudinal analyses while calling for uniform experimental designs, they could identify some trends. Coming as no surprise, the pace of a game of chance is among the most important factors that make them attractive to gamblers. This explains why slot machines are so popular. Gamblers perceive fastly-paced types of games with high frequency of events as more exciting, holding especially true for problematic gamblers. In addition, a high pace makes gamblers gamble more and longer. For gamblers, it becomes more difficult to stop. The authors conclude that to mitigate damage, these types of games must not be paced more slowly. Gamblers would then resort to online games of chance with even higher pace. They suggest stronger self-control by focussing more on responsible gambling tools (limits, game feedback, etc.).

Sources:

**Journal of Gambling Studies**

### **From Problem People to Addictive Products: a Qualitative Study on Rethinking Gambling Policy from the Perspective of Lived Experience**

Miller, Thomas, and Robinson provide an interesting change of perspective in their qualitative study. The authors criticise the gambling industry and politicians for focussing on individual responsibilities in light of damage caused by problematic gambling behaviour and responsible gambling, which serves as means to prevent such damage. In particular, they criticise that problematic gamblers are hardly involved in this discussion. In 26 in-depth interviews with problematic slot machine gamblers, the authors shed light on their view of things with regards to this discourse. In the view of problematic gamblers, the government and industry portray gambling as entertaining and safe. The same gamblers describe games of chance as risky, addictive, and harmful. Interestingly, they observe that the discourse focussing on individual responsibilities in light of damage caused by gambling increased the stigmatisation that is connected to problematic gambling behaviour. The authors suggest that politicians better consider the needs of those affected so that no unilateral approaches pertaining to regulation and gambler protection are implemented.



Sources:

**Harm Reduction Journal**



### 3<sup>rd</sup> Federal Congress on Gambling in Berlin

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On 15 May 2018, the Gambling Research Center attended the 3<sup>rd</sup> Federal Congress on Gambling in Berlin. The event was characterised by the great disdain amongst politicians, administrations (on regional, state, and federal level), legal gambling providers, and researchers towards current regulation in Germany. All aforementioned groups would welcome comprehensive amendments to gambling regulation to face numerous problems (handicapped legal providers, illegal online games of chance, fiscal loss, insufficient gambler protection with illegal offers, incoherence, etc.).

With his lecture for Forum 2 titled “Modern Consumer Protection”, the Managing Director Prof. Tilman Becker presented an alternative view on consumer protection in games of chance. In his view, neither the ideal type of underage consumers, who the state must protect, nor the fully sovereign, rational, and informed consumer must serve as foundation for consumer protection in Germany. Consumer protection should rather focus on vulnerable consumers who first must be provided with information and tools to fairly participate in the market as between them and gambling providers, there is an information asymmetry. Considering these ideas of consumers when amending German gambling regulation would surely help to make the market fairer and to mitigate damage done by problematic gambling behaviour.

### Research Synthesis 2018 in Trier

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From 10 until 12 June 2018, our research associate Marius Wuketich took part in a conference held by the Leibniz Institute for Psychology Information (ZPID) at the University of Trier. By attending this conference, the Research Center expanded their know-how in terms of systematic reviews of literature and meta-analyses.

### Lecture on Pathological Gambling and Domestic Violence at ICBA

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During the plenary talks at the *International Conference on Behavioral Addictions* (ICBA, 23-25 April, Cologne), participants discussed critically, when excessive behaviour must be categorised as pathological. One enlightening discussion took place between Aviv Weinstein





(Ariel University, Tel Aviv) and Joël Billieux (University of Luxembourg). Contributions during parallel sessions deepened expert knowledge pertaining to e.g. connections between pathological gambling and violence in relationships or the treatment of pathological female gamblers.

In the context of a cooperation between three countries, the Gambling Research Center had been involved in a project on pathological female gamblers and domestic violence, which it presented at the conference (*Exploring Experiences of Violence amongst Women with Gambling Disorder*). An above-average share of people with gambling disorders report that they are either experiencing or using violence in their relationship. Not much research has been conducted with regards to this issue. The project partner Alea further held a series of interviews on this subject. Researchers from the University of Vienna evaluated these. These approaches shed more light on the connection between the experience of gambling and violence.

### Lecture on Women with Gambling Disorders at the Addiction Counselling Centre Lagaya

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On 13 June, Andrea Wöhr held a lecture on “Women with Gambling Disorders” for “Lagaya - Addiction Counselling for Girls and Women in Stuttgart”. Addiction counselling staff and people affected of addiction attended the lecture. Thank you very much for the lively discussions.

### Third Gambling Regulation Forum in Bochum

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On 22 June 2018, Marius Wuketich represented the Gambling Research Center at the event “Reforming the German Interstate Treaty on Gambling” in Bochum. This event saw discussions on legal issues concerning current gambling regulation and particularly urgent issues



concerning future gambling regulation. All actors unanimously agreed that a coherent gambling regulation is absolutely necessary in Germany.

### **Anke Quack (University of Mainz) Joins Scientific Direction**

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Since May 2018, Anke Quack, Head of the Competence Centre for Gambler Protection and Prevention of the Department of Psychosomatic Medicine and Psychotherapy (University of Mainz) has been part of the [scientific direction of the Gambling Research Center](#). Ms Quack's expertise encompasses health communication and gambler protection. We look forward to intensive and fruitful cooperation.



## Dates

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11-14 September 2018

### **12<sup>th</sup> European Conference on Gambling Studies and Policy Issues**

Organisers: European Association for the Study of Gambling  
La Valletta, Malta

17-19 September 2018

### **Deutscher Suchtkongress 2018**

Organisers: University Medical Center Hamburg-Eppendorf  
Hamburg

21 September 2018

### **4<sup>th</sup> German Gambling Regulation Day**

Organisers: Zeitschrift für Wett- und Glücksspielrecht (ZfWG) and Law Firm Benesch  
Winkler Rechtsanwaltspartnerschaft mbB  
Frankfurt am Main

12-13 March 2019

### **16<sup>th</sup> Symposium on Gambling**

Organisers: Gambling Research Center  
Stuttgart



## Impressum:

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Thank you for your interest.

We look forward to recommendations regarding current publications and events.

The Gambling Research Center Team

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