



City Research Online

City, University of London Institutional Repository

Citation: Carran, M. (2012). Myths and truth of online gambling. Paper presented at the 8th International Conference on Internet, Law & Politics (IDP 2012): Challenges and Opportunities of Online Entertainment, 09 -10 July 2012, Barcelona Spain.

This is the unspecified version of the paper.

This version of the publication may differ from the final published version.

Permanent repository link: <http://openaccess.city.ac.uk/3095/>

Link to published version:

Copyright and reuse: City Research Online aims to make research outputs of City, University of London available to a wider audience. Copyright and Moral Rights remain with the author(s) and/or copyright holders. URLs from City Research Online may be freely distributed and linked to.

City Research Online:

<http://openaccess.city.ac.uk/>

publications@city.ac.uk

MYTHS AND TRUTHS OF ONLINE GAMBLING

Margaret Carran

ABSTRACT: The view that online gambling presents increased risks of gambling addiction and increased minors' participation underlies several regulatory approaches and judicial opinions. It has been seen in the justification given by some States for protecting their gambling monopolies or for prohibiting interactive gambling either partially or in entirety and in judicial statements made by the Court of Justice of the EU. The paper challenges the validity of this assumption by analyzing existing literature to evidence the divergence between actual gambling behavior and legislative attitudes. It is undisputed that online gambling presents different issues but the lack of effective dialogue between law and social science knowledge leads to over – reliance by many regulators, to their detriment, on the unverified assumption that online gambling leads to more harm. The analysis of online gambling participation rates, player's demographics and social aspects of cyberspace gaming experience shows that many assumptions are not supported by empirical evidence. Furthermore, Internet's specific capabilities present unique opportunity to minimize gambling related risks more effectively than any mechanisms that can be employed for traditional forms of gambling. An evaluation of under-aged exposure shows that it is the unregulated environment of free gambling that potentially presents particular risks for adolescents.

KEYWORDS: Online gambling, regulation, internet capabilities, cyberspace gaming experience, adolescents.

1. ONLINE GAMBLING IN CONTEXT

1.1. Introduction

The term “online gambling” attracted negative connotation from the early usage of Internet for the purpose of betting, wagering or casino gaming. The attitudes are changing but the negative rhetoric still dominates public debates and underpins several legislative decisions. Proponents of online gambling, who highlight the potential benefits of increased State revenues, wider accessibility for homebound or under-privileged and the general futility of attempting to successfully enforce any prohibition are normally silenced by critics who persuasively point to the increased dangers of social harm and moral decay that are inherently increased by Internet gambling. It is claimed that this further degeneration of social values, over and above those already associated with traditional forms of gambling, results from substantially higher threat of under-aged gambling, increased crime and elevated levels of problem gambling within the population. General public opinion tends to correspond with those perceptions¹ but such attitudes are frequently an extension of the belief that gambling, regardless of form, is immoral and harmful. Most acknowledge that gambling produces economic benefit² but some claim that any financial gain is outweighed by the social costs³. Yet, a large number of people enjoy gambling as a legitimate recreational activity including those who argue that gambling should be strictly controlled and discouraged. A significant “third-person effect” found to exist for gambling websites⁴ and public acceptability of many assertions made by anti-gambling critics may contribute towards the potential explanation of this apparent contradiction.

¹ Wardle, et al. British Prevalence Study 2010. Retrieved March 2012 from www.gamblingcommission.gov.uk
The study found that public view of gambling remains more negative than positive.

² Kearney, M.S. (2005). The Economic Winners and Losers of Legalized Gambling. *National Tax Journal*, Vol. LVIII, No. 2.

³ Jawad, C & Griffiths, S. (2010). Taming the casino dragon. *Community, Work & Family*, Vol. 13, No. 3, pp. 329-347 citing Grinols (2004) who claims that every \$46 in economic benefit causes social costs of up to \$289 due to elevated crime rates, financial losses and loss of productivity in the workplace. This estimate is disputed.

⁴ Fang, W & Seounmi, Y. (2004). Motivation to Regulate Online Gambling and Violent Game Sites: An Account of the Third-Person Effect. *Journal of Interactive Advertising*, Vol. 4, Issue 3 pN.PAG.

1.2. Snapshot of legal framework.

Online gambling regulatory regimes are very complex and varied due to differing priorities afforded to economic, cultural and social considerations and to the issue of public health by different jurisdictions. Legislative measures range from full prohibition⁵, partial prohibition⁶, state monopoly⁷, liberal regulation⁸ to open permission in unregulated environment⁹. However, the varieties of approaches are policy representations of the same aims – the safeguard of vulnerable people, consumer protection and minimisation of crime. Islamic countries have historically banned all forms of gambling regardless of the medium of delivery due to it being explicitly prohibited by Koran¹⁰; some States permit both types equally and some regulatory regimes treat both forms differently. In Australia offline gambling is legal for adults and can be provided by any commercial enterprise licensed and controlled by the ACT Gambling and Racing Commission¹¹. Online gambling by punters is not prohibited but the Interactive Gambling Act 2001 criminalised the offering and advertising of online casino games to those who are physically located in Australia¹² or in any designated country.¹³ Online wagering on sports events is legal with the exception of betting on live events that have already commenced. Recent recommendation of the Productivity Commission Inquiry Report on Gambling 2010 which suggested liberalization of online gambling regulation was met with a strong opposition from the Australian Government who argued that “... *the Internet is very attractive to this group [problem gamblers] and, though the evidence is weak, gambling online may exacerbate already hazardous behaviour*”¹⁴. The prohibited activities were singled out because of their perceived highly addictive characteristics but the regulation created a rather paradoxical outcome whereby Australian businesses can continue to offer their gambling services but only to overseas clients¹⁵ but their residents wishing to gamble online need to seek providers from within foreign jurisdictions that are willing to ignore Australian laws¹⁶ and are likely to be unregulated. From social perspective, their legal position could cynically be described as attempting to import gambling revenues while exporting the costs. United States also differentiate between online and offline gambling. Both are largely regulated by individual States but on federal level the Unlawful Internet Gambling Enforcement Act 2006 created a federal offence of “*knowingly accepting monies by anyone in the business of betting and wagering in connection with the participation of another person in unlawful internet gambling*”.¹⁷ The Act does not substantively define “unlawful internet gambling” term but the federal aim is clear. The law intends to eradicate online gambling provided by offshore operators by making the provision of such facilities illegal and anyone found in contravention can be arrested and their assets seized. US’s claim that their wish to eliminate online gambling due to its perceived higher dangers¹⁸ is undermined by two exceptions. The Interstate Horseracing Act 1978 arguably¹⁹

⁵ E.g. Saudi Arabia

⁶ E.g. United States or Australia

⁷ E.g. Portugal

⁸ E.g. United Kingdom

⁹ There are very few states that offer a truly unregulated market but it can be argued that some jurisdictions provide only token regulations.

¹⁰ Binde,P.(2005). Gambling Across Culture: Mapping Worldwide Occurrence and Learning from Ethnographic Comparison. *International Gambling Studies*, 5:1m, pp.1-27

¹¹ Established under the Gambling and Racing Control Act 1999 (Australia)

¹² S.15.

¹³ S.15A. Designated countries may be nominated in writing by the relevant minister but only upon request and only when reciprocal arrangements exist.

¹⁴ Jarrod,J.(2011). The Safest Bet: Revisiting the Regulation of Internet Gambling in Australia. *Gaming Law Review and Economics*, Vol.15, Number 7/8, pp.441-453

¹⁵ Smith,A.D. & Rupp,W.T.(2005) Service Marketing Aspects Associated with the Allure of E-Gambling. *Services Marketing Quarterly*, Vol.26(3) pp.83-103

¹⁶ Offshore providers face the same prohibition but enforcement is difficult.

¹⁷ Dayanim,B.(2007). Internet Gambling Under Siege. *Gaming Law Review*, Vol.11, No.5, pp.536-550

¹⁸ As opposed to just protecting US’ revenues.

continues to legalize online betting on horse racing provided this is permitted by the State where the bet is placed and the State where the race actually occurs. Secondly, the Gaming Regulatory Act (IGRA) grants exclusive jurisdiction to Indian tribes to regulate all gambling, implicitly including interactive gaming, on their native territories. The exceptions produce some peculiar anomalies. E.g. in the State of Washington online gambling is a serious crime (equivalent to third degree rape) when at the same time the State hosts 28²⁰ land based casinos under Indian's governance. Those inconsistencies justified WTO's ruling against US in the trade dispute with Antigua which alleged that the total prohibition of the supply of online gambling unjustifiably infringed the free trade agreement under the GATT provisions. However; WTO endorsed the view that Internet is inherently more dangerous and would have permitted this as an objectively valid justification for restricting trade but for the inconsistency in US' legal regime²¹. Similar endorsement was given by the European Court of Justice in *Bwin v Santa Casa da Misericordia de Lisboa*²² and *Zeturf v Premier Ministre*²³. Within Europe the attitudes are more liberal and increasingly States realize that regulating online gambling is more effective than attempting to enforce prohibition. France and Italy have recently relaxed their monopolies and allow licensed commercial enterprises to enter their market. In United Kingdom online gambling can be offered by commercial businesses on a competitive basis subject only to the possession of a valid remote operating and personal license granted by the Gambling Commission which is responsible for ensuring that gambling is crime-free, fair to punters and that those who are particularly at risk are not permitted to participate. It is submitted that only strict and consistent regulation has the realistic prospect of minimizing gambling related harm. Lack of regulation allows unscrupulous entities to exploit vulnerable customers but experience from US and Australia shows that prohibition drives customers to unregulated offshore websites; a position not undermined by the widely publicized few arrests successfully made by US²⁴ authorities.

2. MYTHS AND TRUTHS OF THE INTERNET GAMBLING

It is perceived that online environment presents unique experience that presents a higher risk of gambling addiction which in turn leads to the increased social and economic costs. The Internet features that are argued to increase those dangers can broadly be grouped into three categories: (1) omnipresence of gambling website with 24 hours access; (2) unique online gaming experience and (3) gambling by under-aged. Further claims regarding extra-territorial enforcement difficulties and increased risks of fraud are outside the scope of this paper. The article does not intend to convince the reader that online gambling does not pose risks; rather it intends to argue that a regulatory approach should not be designed with an over-inflated perception of those risks. Indeed, the risks may not necessarily be more deleterious than those normally associated with traditional forms of gambling as the Internet's unique features, if effectively utilized, could render online gambling a safer experience.

2.1. Omnipresence of online gambling.

¹⁹ The actual legal position is debated and contrary views are presented within the literature. See Ian Abovits "Why the United States should rethink its legal approach to Internet gambling: a comparative analysis of regulatory models that have been successfully implemented in foreign jurisdictions", 22 *Temp, Int'l & Comp. L.J.* 437, 2007 p.448 and the Fact Sheet about UIGEA 2006, retrieved March from www.casinoaffiliateprograms.com/UIGEA.Fact_sheet.pdf for contradictory views.

²⁰ As of 2003

²¹ Dilimatis, P.(2011). Protecting public morals in a digital age: revisiting the TWO rulings in US-Gambling and China-Publications and AudioVisual Products. *Journal of Economic Law*, 14(2), pp.257-293

²² Case C-42/07, judgment of 8 Sept 2009, Lexis.

²³ Case C-212/08, [2008] 1 CLRM 4.

²⁴ Hornle, J and Zammit, B. (2010). *Cross-border Online Gambling Law and Policy* (1st ed.). London: Edward Elgar Publishing Limited.

The prediction, based on the opportunity theory, that widespread accessibility of online gambling sites will increase overall participation rates and introduce newcomers to gambling, has not at yet fully materialized. United Kingdom permitted online gambling effectively since its inception and remote facilities can now be offered by any licensed commercial enterprise. The requisite licenses are granted by the Gambling Commission only after it is satisfied that the applicant is of sufficient probity, will comply with social responsibilities' codes and offers adequately tested and fair equipment. The Commission is, however, not permitted to apply a demand test which has led to a proliferation of UK based gambling websites.²⁵ Internet is opened 24 hours from the comfort of individual's home and with the estimated 2332 total number of gambling websites worldwide²⁶ the potential to participate seemingly never ends. This increased offering has not caused the feared rush towards online gambling. The absolute participation rates are increasing but the growth in number of online players seems slower than the comparable growth in traditional forms. The British Prevalence Study, most recently conducted in 2010 show a modest comparable 1% increase in online participation rates from 2007 (6% in 2007 to 7% in 2010).²⁷ The number of people who placed bets online dropped from 4% to 3% but this was counterbalanced by the increase in those who played on online casinos, bingo and slot machines or using a betting exchange. Online participation can be contrasted with the prevalence rates in all other traditional forms of gambling (excluding lottery) which increased by 8% from 48% in 2007 to 57% in 2010. This disparity can no longer be attributed to the relative newness of Internet or unspecified fear of transacting online. Across Europe on average 70% of households have broadband Internet access at home²⁸ and the penetration rates are increasing daily. Many have access at work, schools or from cybercafés. In UK, in the first three months of 2010 more than 51% of people aged over 15 shopped online. In Australia the Productivity Commission estimated that there were only between 1 and 4% of Australians who gambled online in 2010 but this statistic was challenged by Blaszczyński and Gainsbury²⁹. They cited results from the nationally representative Roy Morgan Research which indicated that 30% of those over the age of 16 gambled online. The true figure probably lies somewhere between those two but the figures demonstrate that the illegality or restricted availability does not per se suppress demands. Unlike offline gambling the commencement of online betting does not easily starts on an impulse. In UK there is a significant high street presence of land based casinos and betting shops and everyday exposure is unavoidable. This, coupled with the removal of 24-hour cooling off period³⁰, easy age-verification and the potential to instantly play and immediately collect any winnings in land based venues may increase spontaneous entry. Virtually the individual punter must make a positive decision to seek a gambling website, download the relevant software and register with their personal and payment details. Although most websites allow playing instantly after the registration, the ability to collect any potential winning must be delayed after age-verification procedures have been carried out. This slows the whole process down and minimizes the risk of impulsive commencement of online gambling.

2.2. Problem gambling.

²⁵ 297 operators possessed license for remote gambling as of September 2010.

²⁶ Retrieved in March 2012 from <http://gambling.addictionblog.org> – no actual numbers available and estimates vary.

²⁷ Excluding purchase of online lottery ticket only.

²⁸ Eurostat Statistics Explained; Information society statistics at regional level, European Commission. Retrieved in March 2012 from

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Information_society_statistics_at_regional_level

²⁹ Gainsbury, S & Blaszczyński, A. (2010). Address to Senate Community Affairs Committee: The Prevalence of online and interactive gambling in Australia, Retrieved, March 2012 from

<https://senate.aph.gov.au/submissions/.../viewdocument.aspx?id>

³⁰ Prior to the Gambling Act 2005 casino players had to register 24 hours before gambling.

Several studies concluded that those who gamble online are at higher risks of developing gambling related problems than those who do so only offline. Problem gambling can be measured by several screens but the most commonly used are: DSM-IV, PGDI and South Oaks Gambling Screen. Welte et al³¹ found that the odds of risk of developing gambling problems increase by 90% if a casino is opened within 10 mile radius from individual's residence. By analogy the invention of online casino reduces this distance to 0 for the vast majority of household. The British Prevalence Study, using DSM-IV, measured the level of overall problem gambling to be 0.9%. This represented an increase of 0.4% from 2007 and 1999 where the level of problem gambling was measured at 0.6% in both years³². With regards to compulsive gambling exclusively amongst online players Griffiths et al³³ reported rate of 5%. Wood et al³⁴ focusing on online poker reported that 18% of the sample displayed symptoms of experiencing gambling harm; Wood and Williams³⁵ found that in a self-selected group of online North American gamblers 43% satisfied the criteria for moderate or severe gambling problems. Although most of those studies³⁶ can be criticized for using convenience samples that may have produced biased results there is no merit in challenging their accuracy. Rather, what is disputable is whether the comparison made with rates of offline problem gambling is appropriate. It is argued that the general statistics severely underestimate the actual levels of problem gambling within the general population³⁷. All available screens rely on self-reports based on subjective self-assessment of the severity of experienced difficulties which can produce many false negatives. Gambling addiction does not display easy-to-observe physical symptoms. This allows problems to be hidden for a prolonged period of time and those gamblers may trivialize their issues. Discussions with self-confessed problem gamblers showed that "only 29% said they would have responded to a survey honestly; one-third said they would have concealed the problem, and some 24% said they would have refused to answer the survey"³⁸. Nevertheless, the level of online problem gambling deserves attention regardless of comparability with offline data. Socio-demographic profile of online players, although divergent, is unlikely to explain potentially higher levels of problem gambling. Studies³⁹ indicate that online players tend to be younger (under the age of either 34 or 40) and at least college educated holding professional and managerial jobs. This does not offer complete match to the profile of a typical problem gambler (also under the age of 35 but with low educational attainment and low income)⁴⁰. If the pathological gambling is indeed higher online the reasons must be different.

2.3. Online gaming experience

³¹ Welte et al, 2004 cited in Jawad et al, Ibid, ref.3.

³² The differences resulted in the p value of 0.046 (at the margin of statistical significance) which could be due to random fluctuation or due to an upward trend in problem gambling.

³³ Griffiths,M; Wardle,H; Orford,J; Sproston,K and Erens,B.(2009). Rapid Communication: Socio-demographic Correlates of Internet Gambling: Findings from the 2007 British Gambling Prevalence Survey. *Cyberpsychology & Behaviour*, Vol.12, No.2. There is no equivalent analysis for 2010 statistics.

³⁴ Wood,R.T.A; Griffiths,M; Parke,J.(2007). Acquisition, development, and maintenance of online poker playing in a student sample. *Cyberpsychology & Behaviour*, Vol. 10 pp. 354-361

³⁵ Wood RTA, Williams, RJ.(2007) Problem gambling on the Internet: implication for Internet gambling policy in North America. *New Media & Society* 9: pp.520-542

³⁶ Excluding Griffiths et al, ref.33

³⁷ Doughney,J.(2006). Lies, Damned Lies and "Problem Gambling" Prevalence Rates: The Example of Victoria, Australia. *Journal of Business Systems, Governance and Ethics*, Vol.2, No.1

³⁸ Ibid, ref. 37 citing McMillen and Marshall, pp.87-8; citing Banks 2002.

³⁹ Ibid, ref. 33

⁴⁰ Ranade,S; Bailey.S & Harvey,A. (2006). DCMS: A literature review and survey of Statistical Sources on Remote Gambling, Final Report V1.0. Retrieved in October 2011 from http://kharkiv.academia.edu/AIKOv/Papers/1175157/A_literature_review_and_survey_of_statistical_sources_on_remote_gambling

The seductive appeal of online gambling and its propensity to cause more additions are stated to be due to the salient factors listed by Griffiths et al^{41 42} that includes: anonymity, escape, immersion, event frequency, associability and “suspension of judgment” due to currency intangibility.^{43 44} Unscrupulous operators may use telescopic windows where, upon ending one session, a player is met with another website usually offering hard-to-refuse, attractive promotional freebies thus enticing further gambling.⁴⁵ Targeted advertising with their often misleading glamorization of the prospect of life style changing win⁴⁶ and pop up messages⁴⁷ were also found to be instrumental in encouraging excessive play. Lack of social interaction is experienced more by online players but many are attracted to this form precisely to avoid contact with strangers⁴⁸ and a good proportion gambles online with friends or relatives⁴⁹. Many websites offer interactive features allowing for instant messages or verbal chats between players which the individual can opt to use or disable according to personal preferences. Within the home environment it is easier to hide compulsive gambling but the punter is more likely to be surrounded by non-gambling family members who may be less inhibited to argue and have more incentive to intervene than in a land based casino where individuals are more likely to go either with like – minded friends or alone. The perception of temporary community and social connectedness felt in a casino may actually mask the true nature of the activity. The pressure of other casino goers to make decisions quickly, the encouragement of others to continue playing and the general unwillingness to show distress in public may in fact increase the amount of money spent. Even with the Internet’s interactive features, the “disinhibition effect”⁵⁰ isolates the players from those tensions. Online gambling does not offer the same glamour, sounds or lights, complimentary drinks or plush high roll rooms as land based casino but online providers work hard to match the experience with 3D colorful graphics, audio-visual stimuli and free bonus incentives. It better facilitates escape and full immersion uninterrupted by other people or by closing times; an aspect particularly attractive to problem gamblers. Further, online and offline casinos exploit people’s propensity to see intangible money as less valuable⁵¹. Land based establishments use chips or tokens and money in online account are converted into credits but the total loss of tangibility of Internet currency makes is more difficult for players to track their spending.⁵² The monthly reminder in the form of credit card statement probably comes too late.

2.3. Solution?

⁴¹ Griffiths,M; Parke,A; Wood,R; Parke,J.(2005). Internet Gambling: An Overview of Psychosocial Impacts. *UNLV Gaming Research and Review Journal, Vol.10, Issue 1 pp.27-39*

⁴² Griffiths,M.(2003). Internet Gambling: Issues, Concerns and Recommendations. *CyberPsychology & Behavior, Vol.6, No.6, pp.557-568*

⁴³ Valentine,G and Hughes,K.(2009). New Form of Participation: Problem Internet Gambling and the Role of the Family. Retrieved in October 2012 from www.lssi.leeds.ac.uk/projects/5.

⁴⁴ Fogel, J.(2011). Consumers and Internet Gambling: Advertisement in Spam Emails. *Romanian Journal of Marketing, April 2011*

⁴⁵ Ibid, ref.41.

⁴⁶ McMullan,J.L & Miller,D.(2009). Wins, Winning and Winners: The Commercial Advertising of Lottery Gambling. *J. Gambling Studies, 25 pp.273-295*

⁴⁷ Ibid, ref.43

⁴⁸ Cotte,J & Latour,C.(2009). Blackjack in the Kitchen: Understanding Online versus Casino Gambling. *Journal of Consumer Research, Vol.35, No.5 pp.742-758*.

⁴⁹ Ibid, ref.43.

⁵⁰ Suler,J.(2004). The Online Disinhibition Effect. *CyberPsychology & Behavior, Vol.7, No.3, pp321-326*

⁵¹ Griffiths,M.(2003). Internet Gambling: Issues, Concerns and Recommendations. *CyberPsychology & Behavior, Vol.6, No.6, pp.557-568*

⁵² Siemens,J.Ch. & Kopp.S.W.(2011). The Influence of Online Gambling Environments on Self-Control. *Journal of Public Policy & Marketing, Vol.30.(2), pp.279-293*.

However, those internet features could be turned around to be used to manage problem gambling risks better. Online providers already offer many social responsibility measures but those are usually optional and reactive. Contrary to popular assumptions empirical evidence suggests that the solution does not lie with giving players more control functions within the game⁵³ or with education alone. The latter increases overall understanding but was found not to modify the actual behaviour⁵⁴. Gamblers often join loyalty schemes which allow the operators to use tracking technology⁵⁵ to gain better insight of their playing pattern and expenditure than the individual often has himself. Although usually used to offer personalized incentives with the view to increase sales it can be equally effective in reaching the opposite result. All customers should be required to join such a scheme and pop-messages should be displayed at regular and relatively short intervals clearly displaying, in actual currency⁵⁶, the amount gambled in the last 24 hours, in the last week and cumulative totals as well as the time played during the same periods and how it compares to the profile of a typical problem gambler. Continuous display of the same data blends with the overall display making it easier to ignore and pop-up messages were found to have generally higher impact on players⁵⁷. If problem gambling is detected telescopic windows, which are difficult to close, could be used to ensure that the player is directed to gambling support websites with information on responsible gambling strategies, diagnostic tests and instant help via chat rooms or messaging service. Such monitoring would never be possible in an offline environment. Imposed breaks should be introduced in a similar way to those already introduced in some games⁵⁸ and by placing cookies on the computer the technology could be used to stop players from being able to simultaneously access several sites from the same computer. Instead of relying on voluntary imposition of self-limits operators should be required to run individual checks on each applicants to set individual gambling limits (maximum turnover and maximum losses within a given period) which would be compulsory throughout the game. Such check should not focus just on creditworthiness of the gambler but his overall exposure as between different gambling providers should also be taken into consideration. This would necessitate the creation of a public database (similar to credit referencing system) accessible only by the operators and the player himself but it could a powerful tool in harm reduction. Compliance with those provisions by all regulated sites would allow customers to easily distinguish between legitimate and illegitimate sites which would increase their confidence in the former thus benefiting the whole industry.

The solution may be accused of unduly limiting legitimate enjoyment. Framing problem gambling as public health issue⁵⁹ increases public acceptability of any restrictions and it is unlikely that those who play recreationally or just for fun would disapprove of such interventions. Those more likely to be annoyed are precisely those they are intended to be helped by those measures. It may also be suggested that the restriction would simply direct players to rogue sites. Undoubtedly, this may be true for some but there is a limit to what the society can do to protect individual from themselves.

3. ADOLESCENTS ONLINE – UNIQUE PROBLEM?

⁵³ Peller,A.J;LaPlante,D.A & Shaffer,H,J.(2008). Parameters for Safer Gambling Behavior: Examining the Empirical Research. *J. Gambling Studies*, 24, pp.519-534

⁵⁴ Boutin,C; Tremblay,N & Ladoucer,R.(2009). Impact of Visiting and Onsite Casino Information Centre on Perceptions about Randomness and Gambling Behaviours. *J. Gambling Studies*, 25, pp.317-330.

⁵⁵ E.g. PlayScan designed by Swedish gaming company. Griffiths,M;Wood,R,R,A;Parke,J.(2009). Social Responsibility Tools in Online Gambling: A Survey of Attitudes and Behavior among Internet Gamblers. *CyberPsychology & Behavior*, Vol.12, No.4 pp.413-421

⁵⁶ Not value of credits.

⁵⁷ Monaghan, S & Blaczynski,A.(2010). Impact of Mode of Display and Message Content of Responsible Gambling Signs for Electronic Gaming Machines on Regular Gamblers. *J.Gambling Studies*, 26, pp.67-88

⁵⁸ E.g. WiiFit; It is acknowledged that the number games with such features is still negligible.

⁵⁹ Korn,D; Gibbins,R and Azmier,J.(2003). Framing Public Policy Towards a Public Health Paradigm for Gambling. *J. Gambling Studies*, Vol.19, No.2, pp.235-256.

3.1. Prevalence rates

Due to lack of direct contact between the operator and the players online gambling is criticized for its perceived inability to stop under-aged participation. This concern is justified as the risk of potential harm suffered by adolescents is generally agreed to be 3 to 4 times higher than for adults.^{60 61 62} It is suggested that the “*early onset of gambling participation is the most likely predictor of problem gambling in future.*”⁶³ Winters et al⁶⁴ found that early exposure to gambling environment did not necessarily increase gambling levels in early adulthood but it endorsed the view that gambling problems increase over time thus rendering children particularly vulnerable. Gambling related harm amongst adolescent include feeling guilty, experiencing problems with school work, relationship problems, feeling depressed and suffering from mental anxiety.⁶⁵⁶⁶ The consequences may be severe as certain outcomes such as poor education or getting early criminal record are very difficult to rectify. However, the assumption that it is not possible to prevent minors from online gambling for money does not seem to have solid foundation. Arguably online age – verification checks, required by regulators to be carried out before an account can be open and any winnings withdrawn are much more cumbersome for minors to overcome. They involve the need to use a credit card (obtainable generally only by adults), to show valid ID such as passport or driving license and cross-checking the applicant’s name and address with credit reference agencies and other public databases. This method is more reliable than reliance on the operator’s subjective assessment of the age of a person entering a gambling venue. A mystery shopping exercise carried out in May 2009 by Gambling Commission in UK’s offline betting shops produced a staggering 98% rate of non-compliance⁶⁷ and shows that direct contact with operators does not guarantee denial of service. Subsequent tests of land based betting shops⁶⁸ and adult gaming centres⁶⁹ demonstrated excellent improvements but not full compliance. Online, a study by Chambers and Willox⁷⁰ which examined 15 most popular sites produced more optimistic results. It found that all operators required actual proof of age⁷¹ before entering and using the site and some of them offered parental controls. Admittedly, none of it will deter a determined youngster from accessing unregulated site or using parents’ details but minors’

⁶⁰ Hayer,T; Griffiths, M and Meyer,G.(2005). Chapter 21: The prevention and treatment of problem gambling in adolescents. In T.P.Gullotta & G. Adams (Eds). *Handbook of adolescents’ behaviour problems: Evidence-based approaches to prevention and treatment*, pp.467-486. New York: Springer

⁶¹ Fisher, S.E. (1999) “A prevalence study of gambling and problem gambling in British adolescents”, *Addiction Research* 7, 509-538;

⁶² Hume,M and Mort,G.S.(2011), Fun, Friend, or Foe: Youth Perception and Definitions of Online Gambling; *Social Marketing Quarterly*, 17:1, 109-133.

⁶³ Messerlian,C; Byrne,M.A; Derevensky,J. (2004). Gambling, Youth and the Internet: Should we be concerned?, *The Canadian Child and Adolescent Psychiatry Review*, (13):1

⁶⁴ Winters,K; Stinchfield,R; Botzet,A & Anderson,N.(2002). A Prospective Study of Youth Gambling Behaviors. *Psychology of Addictive Behaviors*, Vol.16, No.1 pp.3-9

⁶⁵ Raisamo,S; Halme,J; Murto,A & Lintonen,T.(2012). Gambling – Related Harm Among Adolescents: A Population – Based Study. *J.Gambling Studies* published online 26 February 2012.

⁶⁶ Barnes et al. (1999). Gambling and Alcohol Use Among Youth: Influences of Demographic, Socialization, and Individual Factors. *Addictive Behaviors*, Vol.24, No.6, pp.749-767.

⁶⁷ Press release “Mystery Shopping tests continue”, 31/07/2009. It targeted establishments known for social responsibilities failings.

⁶⁸ Press release “Under age gambling in betting shops – operators face further tests” 3/12/2009. 74% of Ladbroke betting shops prevented a young person from placing a bet; 68%-William Hill operators, 63%-Tote, 60%-Betfred and 57%-Gala Coral.

⁶⁹ Press release, “Monitoring under-age gambling in adult gaming centred”, 15 June 2010. Out of 57 Talarium Ltd centres visited 41 prevented an under-aged person from gambling; 24 out of 37 for NOL operators and 12 out of 15 for Cashino Gaming Ltd operators.

⁷⁰ Chambers,C and Willox,C.(2009). Gambling on compliance with the new 2005 Act: Do organisations fulfil new regulations? *International Review of Law, Computers and Technology*, Vol.23, No.3 pp.203-215

⁷¹ As opposed to mere confirming the age.

participation rates suggest that this is not such a regular occurrence as may have been originally suggested. Ipsos Mori British Survey of children aged 12 to 15 carried out in 2008-9⁷² reported that only 1% of them spent money on online gambling in the seven days preceding the survey despite nearly 96% accessing Internet over the same period while in Quebec Gendron et al⁷³ identified that only 0.8% of surveyed sample played regularly for money at online casino and 1.9% played online poker.

3.2. The real danger?

The available statistics seems to suggest that children do gamble but predominantly offline. Either they are not interested in online gambling or more likely the age-verification mechanisms are indeed working. However, this statement is too simplistic. The real danger for adolescents may come in the form of free practice gambling demos and stand-alone gambling games as well as with gambling being incorporated within computer games. Practice sites are proving very attractive to youths and a significant proportion⁷⁴ of adolescents use them. Stand-alone gambling games such as poker, roulette or blackjack rated only 12 are available on I-tunes. Unrated casino games are mixed with other children and family's games on popular⁷⁵ internet gaming website such as WildTangent. Those games can be tried for free and afterwards children can continue playing either by subscribing to the site or by purchasing game token.⁷⁶ Some of those games are clearly targeting young children with the use of children's preferred graphics and music. Gambling activities may also be included as part of otherwise a non-gambling video game. Griffiths⁷⁷ uses "Fluff friends" as an example where girls as young as five enter rabbit racing to win "munny" (sic) that can be used on an in game art. This allows children to learn what gambling means and potentially get attracted to the feel of it before being able to legally gamble or appreciate the potential risks involved. It also normalises the behaviour which may appear to children to be socially acceptable and risk-free and potential misrepresentation of odds of winning may encourage belief that gambling may be a quick way of earning money.⁷⁸ Children treat those activities in exactly the way it is presented to them – a mere game played for fun.⁷⁹ However, they may not be able to understand that the difference between a video game where persistent play improves their skills and allow them to proceed to higher level and gambling where no skills alter chances of success is real.^{80 81} Although those activities involve no actual money and there is no empirical evidence that they present actual risk this is an area that should be further explored.

⁷² British Survey of Children, National Lottery and Gambling. 2008-2009. Retrieved in May 2011 from <http://www.natlotcomm.gov.uk/publications-and-research> . A small minority of children were aged 11.

⁷³ Gendron A, Brunelle N, Leclerc D, Dufour M, Cousineau M-M.(2009). Comparison of the profiles of young non-gamblers, gamblers and Internet gamblers relative to psychological distress, severity of substance use and impulsiveness/risk taking. 8th Annual Conference Alberta Gaming Res Inst, Banff Center, Alberta, March 2009 cited in Griffiths, M and Parke, J. (2010) Adolescent gambling on the internet: A review. *International Journal of Adolescents Med Health, Vol.22, No.1, pp.58-75*

⁷⁴ Ipsos Mori – 24% (ibid, ref.72) – 24%; Gendron (ibid, ref.73) in Quebec – 35%, Byrne in Canada – 43% Byrne, A. (2004) cited in Derevensky J, Gupta, R. (2007) Internet gambling amongst adolescents: A growing concern. *International Journal of Mental Health Addiction, Vol.5, pp.93-101*.

⁷⁵ Website's shortcut is pre-installed in new computers.

⁷⁶ Author's own observation.

⁷⁷ Ibid, ref.73.

⁷⁸ Gottfried,J.(2004) "The Federal Framework for Internet Gambling", *10 Rich. J.L.&Tech.26, 16* cited in Scoolidge,P.J.(2006) "Gambling Blindfolded: the case for a regulated domain for gambling web-sites", *Gaming Law Review, Vol.10, No.3*.

⁷⁹ Ibid, ref. 62

⁸⁰ Delfabro,P; King,D; Lambos,Ch; Puglies,S.(2009) "Is video game playing factor for pathological gambling in Australian Adolescents", *J.Gambling Studies 25:391-405*

⁸¹ Derevensky,J.L; Gupta,R & Magoon,M.(2004) "Adolescent Problem Gambling: Legislative and Policy Decisions", *Gaming Law Review, Vol.8, No.2*.

Further, the increased cultural acceptability of gambling causes it to be seen as a family entertainment with minors receiving lottery tickets from parents or other relatives⁸² and some players choosing online gambling precisely to enable them to do so with their children⁸³. Within the online environment any age-verification attempts would be futile if parents encourage gambling at home. This must be addressed by continuous public education and by raising awareness.

4. CONCLUSION

For the growing number of people Internet is an integral part of their daily life and attempts to stultify technological advances are unmerited and counterproductive. Instead, legislators should harness online capabilities and turn them around to further their policies and protect the general public. However; the effectiveness of any regulation depends on adopting a holistic approach which is the only method that would successfully address such a multifaceted issue like gambling.

5. BIBLIOGRAPHY

Books:

- Bogart, W.A.(2011). Permit But Discourage: Regulating Excessive Consumption (1st ed.). London: Oxford University Press.
- Hornle,J and Zammit,B. (2010). Cross- border Online Gambling Law and Policy (1st ed.). London: Edward Elgar Publishing Limited.
- Miers, D.(2004). Regulating Commercial Gambling (1st ed.). London: Oxford University Press.

Electronic documents/websites:

- British Survey of Children, National Lottery and Gambling. 2008-2009. Retrieved in May 2011 from <http://www.natlotcomm.gov.uk/publications-and-research>
- Eurostat Statistics Explained; Information society statistics at regional level, European Commission. Retrieved in March 2012 from http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Information_society_statistics_at_regional_level
- Gainsbury,S & Blaszczynky,A.(2010). Address to Senate Community Affairs Committee: The Prevalence of online and interactive gambling in Australia. Retrieved in January 2012 from <https://senate.aph.gov.au/submissions/.../viewdocument.aspx?id>
- Gambling Commission Press releases: “Mystery Shopping tests continue”, (2009); “Under age gambling in betting shops – operators face further tests”, (2009) and “Monitoring under-age gambling in adult gaming centred”, (2010). All Retrieved in January 2012 from www.gamblingcommission.gov.uk
- <http://gambling.addictionblog.org>
- Ranade,S; Bailey,S & Harvey,A. (2006). DCMS: A literature review and survey of Statistical Sources on Remote Gambling, Final Report V1.0. Retrieved in October 2011 from http://kharkiv.academia.edu/ALKOv/Papers/1175157/A_literature_review_and_survey_of_statistical_sources_on_remote_gambling
- UIGEA Fact Sheet 2006. Retrieved in March 2012 from www.casinoaffiliateprograms.com/UIGEA.Fact_sheet.pdf
- Valentine,G and Hughes,K.(2009). New Form of Participation: Problem Internet Gambling and the Role of the Family. Retrieved in October 2012 from www.lssi.leeds.ac.uk/projects/5

Book Chapters

⁸² Ibid, ref.78

⁸³ Cotte,J & Latour,C.(2009). Blackjack in the Kitchen: Understanding Online versus Casino Gambling. *Journal of Consumer Research*, Vol.35, No.5 pp.742-758.

- Hayer,T; Griffiths, M and Meyer,G.(2005). Chapter 21. The prevention and treatment of problem gambling in adolescents. In T.P.Gullotta & G. Adams (Eds). Handbook of adolescents behaviour problems: Evidence-based approaches to prevention and treatment, pp.467-486. New York:Springer.

Journal Articles

- Abovits,I.(2007). Why the United States should rethink its legal approach to Internet gambling: a comparative analysis of regulatory models that have been successfully implemented in foreign jurisdictions”, *22 Temp, Int’l & Comp. L.J.*437, p.448
- Barnes et al. (1999). Gambling and Alcohol Use Among Youth: Influences of Demographic, Socialization, and Individual Factors. *Addictive Behaviors, Vol.24, No.6, pp.749-767.*
- Binde,P. (2005). Gambling Across Culture: Mapping Worldwide Occurrence and Learning from Ethnographic Comparison. *International Gambling Studies, 5:1m, pp.1-27*
- Boutin et al (2009). Impact of Visiting and Onsite Casino Information Centre on Perceptions about Randomness and Gambling Behaviours. *J.Gambling Studies, 25, pp.317-330.*
- Chambers,C and Willox,C.(2009). Gambling on compliance with the new 2005 Act: Do organisations fulfil new regulations? *International Review of Law, Computers and Technology, Vol.23, No.3 pp.203-215*
- Cotte,J & Latour,C.(2009). Blackjack in the Kitchen: Understanding Online versus Casino Gambling. *Journal of Consumer Research, Vol.35, No.5 pp.742-758.*
- Dayanim, B.(2007). Internet Gambling Under Siege. *Gaming Law Review, Vol.11, No.5, pp.536-550*
- Delfabro,P; King,D; Lambos,Ch; Puglies,S.(2009) “Is video game playing factor for pathological gambling in Australian Adolescents”, *J. Gambling Studies 25:391-405*
- Derevensky J, Gupta, R. (2007) Internet gambling amongst adolescents: A growing concern. *International Journal of Mental Health Addiction, Vol.5, pp.93-101.*
- Derevensky,J.L; Gupta,R & Magoon,M.(2004) “Adolescent Problem Gambling: Legislative and Policy Decisions”, *Gaming Law Review, Vol.8, No.2.*
- Dilimatis, P.(2011). Protecting public morals in a digital age: revisiting the TWO rulings in US-Gambling and China-Publications and AudioVisual Products. *Journal of Economic Law, 14(2), pp.257-293*
- Doughney, James (2006). Lies, Damned Lies and “Problem Gambling” Prevalence Rates: The Example of Victoria, Australia. *Journal of Business Systems, Governance and Ethics, Vol.2, No.1*
- Fang, Wan and Seounmi, Youn. (2004). Motivation to Regulate Online Gambling and Violent Game Sites: An Account of the Third-Person Effect. *Journal of Interactive Advertising, Vol.4, Issue 3 pN.PAG.*
- Fisher, S.E. (1999) “A prevalence study of gambling and problem gambling in British adolescents”, *Addiction Research 7, 509-538;*
- Fogel, J. (2011). Consumers and Internet Gambling: Advertisement in Spam Emails. *Romanian Journal of Marketing, April 2011*
- Gendron A, Brunelle N, Leclerc D, Dufour M, Cousineau M-M.(2009). Comparison of the profiles of young non-gamblers, gamblers and Internet gamblers relative to psychological distress, severity of substance use and impulsiveness/risk taking. Cited in Griffiths, M and Parke, J. (2010) Adolescent gambling on the internet: A review. *International Journal of Adolescents Med Health, Vol.22, No.1, pp.58-75*

- Gottfried,J.(2004) “The Federal Framework for Internet Gambling”, *10 Rich. J.L.&Tech.26*, 16 cited in Scoolidge,P.J.(2006) “Gambling Blindfolded: the case for a regulated domain for gambling web-sites”, *Gaming Law Review*, Vol.10, No.3.
- Griffiths et al. (2009). Rapid Communication: Socio-demographic Correlates of Internet Gambling: Findings from the 2007 British Gambling Prevalence Survey. *Cyberpsychology & Behaviour*, Vol.12, No.2
- Griffiths et al (2005). Internet Gambling: An Overview of Psychosocial Impacts. *UNLV Gaming Research and Review Journal*, Vol.10, Issue 1 pp.27-39
- Griffiths,M.(2003). Internet Gambling: Issues, Concerns and Recommendations. *CyberPsychology & Behavior*, Vol.6, No.6, pp.557-568
- Griffiths et al.(2009). Social Responsibility Tools in Online Gambling: A Survey of Attitudes and Behavior among Interent Gamblers. *CyberPsychology & Behavior*, Vol.12, No.4 pp.413-421

- Hoply,A,B. & Nicki,R.M.(2010). Predictive factors of Excessive Online Poker Playing. *Cyberpsychology, Behaviour, and Social Networking*, Vol.13, No.4 pp.379-385
- Hume,M and Mort,G.S.(2011), Fun, Friend, or Foe: Youth Perception and Definitions of Online Gambling; *Social Marketing Quarterly*, 17:1, 109-133.

- Jarrod, Jolly. (2011). The Safest Bet: Revisiting the Regulation of Internet Gambling in Australia. *Gaming Law Review and Economics*, Vol.15, Number 7/8, pp.441-453
- Jawad, Caroline and Griffiths, Steve. (2010). Taming the casino dragon. *Community, Work & Family*, Vol.13, No.3, pp.329-347.

- Kearney, Mellisa Schettini. (2005), The Economic Winners and Losers of Legalized Gambling. *National Tax Journal*, Vol.LVIII, No. 2.
- Korn et al; (2003). Framing Public Policy Towards a Public Health Paradigm for Gambling. *J. Gambling Studies*, Vol.19, No.2, pp.235-256.

- Matthews,N; Farnsworth,B; Griffiths,M.(2009). A Pilot Study of Problem Gambling among Student Online Gamblers: Mood States as Predictors of Problematic Behaviour. *CyberPsychology & Behaviour*, Vol.12, No.6 pp.741-745
- Messerlian,C; Byrne,M.A; Derevensky,J. (2004). Gambling, Youth and the Internet: Should we be concerned?, *The Canadian Child and Adolescent Psychiatry Review*, (13):1
- McMullen,J,L.&Miller,D.(2009). Wins, Winning and Winners: The Commercial Advertising of Lottery Gambling. *Journal of Gambling Studies*, 25, pp.273-295

- Peller,A.J;LaPlante,D.A & Shaffer,H,J.(2008). Parameters for Safer Gambling Behavior: Examining the Empirical Research. *Journal of Gambling Studies*, 24, pp.519-534

- Raisamo,S; Halme,J; Murto,A & Lintonen,T.(2012). Gambling – Related Harm Among Adolescents: A Population – Based Study. *Journal of Gambling Studies*. DOI 10.1007/s10899-0129298-9 published online 26 February 2012.

- Siemens,J.Ch. & Kopp.S.W.(2011). The Influence of Online Gambling Environments on Self-Control. *Journal of Public Policy & Marketing*, Vol.30.(2), pp.279-293.
- Smith,A.D. & Rupp,W.T.(2005) Service Marketing Aspects Associated with the Allure of E-Gambling. *Services Marketing Quarterly*, Vol.26(3) pp.83-103
- Suler,J.(2004). The Online Disinhibiton Effect. *CyberPsychology & Behavior*, Vol.7, No.3 pp.321-326.

- Welte et al, 2004 cited in Jawad,C and Griffiths,S.(2010). Taming of the casino dragon. *Community, Work & Family, Vol.13, No. 3 pp.329-347*
- Winters,K; Stinchfield,R; Botzet,A & Anderson,N.(2002). A Prospective Study of Youth Gambling Behaviors. *Psychology of Addictive Behaviors, Vol.16, No.1 pp.3-9*
- Wood,R.T.A; Griffiths,M; Parke,J.(2007). Acquisition, development, and maintenance of online poker playing in a student sample. *Cyberpsychology & Behaviour, Vol. 10 pp. 354-361*
- Wood RTA, Williams, RJ.(2007) Problem gambling on the Internet: implication for Internet gambling policy in North America. *New Media & Society 9: pp.520-542*
- Xuan,Z & Shaffer,H.(2009). How Do Gamblers End Gambling: Longitudinal Analysis Of Internet Gambling Behaviors Prior to Account Closure Due to Gambling Related Problems. *Journal of Gambling Studies. 25 pp.239-252*