

Consumer Protection in Financial Services: Some lessons for the gambling industry?

The UK's Financial Conduct Authority recently published new regulations for protecting consumers against potentially harmful financial products. These regulations have useful pointers for gambling operators who want to ensure that their players can use their products in a safer and more sustainable way. They state:

Our new Duty sets higher and clearer standards of consumer protection across financial services, and requires firms to put their customers' needs first.

<https://www.fca.org.uk/firms/consumer-duty>

What might it look like for gambling operators to put their customers' needs first, and how might that reduce the risks of gambling products overall?

Let's look at terms and conditions, for example. Are your bonus conditions written by your lawyers or your marketing team? Could you explain them, really simply, in a couple of sentences? If not, why not? What's the point of having bonus conditions which are complex and onerous, other than to protect the business from fraud? Are you hiding complex conditions in the small print to make the offer look more appealing? Are there other, better ways of acquiring customers which don't place the onus on the consumer to comply with multiple layers of requirements? Here's an actual example. It's part of a 27-point explanation of a bonus offer from an online casino:

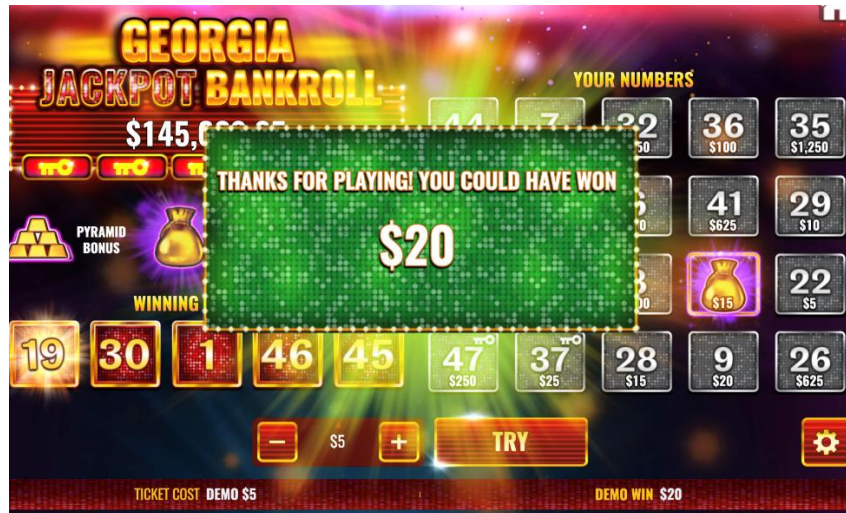
21. Players are allowed to play in any game while having an active bonus. In certain games bonus balance funds are not available to play with and when you open those games you will only see your real balance. To check for the bonus availability, please refer to the information card for each game in the casino platform.
22. A Pending Bonus is a bonus which will be available for use only after any wagering has been completed. You will see this bonus in your Pending Bonus balance.
23. A non-cashable bonus is a bonus which, once wagering is completed or the bonus is consumed, will not be added to your real balance regardless of whether there was any bonus amount left when it was consumed. Once the wagering is completed/bonus is consumed, any amount left will be removed from your bonus balance.

Can a player really make a good decision about whether or not the bonus offer is reasonable, if they have to try and wade through all of this? Operators should take more responsibility for fraud identification and prevention, to allow players to sign up for offers which are clear and fair. If nothing else, it reduces the load on customer services teams who have to keep explaining how bonuses work. Also, are you offering a safe environment in which to play, if many of your customers do not have English as a first language, yet your bonus conditions are written in terms which would confuse a Harvard law graduate?

Product safety is not just about maximum stake sizes or speed of play, it's about creating an environment in which your players can clearly understand the outcomes and risks of whatever bet or play they may want to make.

This FCA requirement for financial services providers is just as applicable to gambling operators who may appeal to gamblers' fallacies: **not seek to exploit customers' behavioural biases [or] lack of knowledge.**

Are you really being honest and open about the likelihood of winning one of your games? Are you overplaying wins versus losses? Here's a good example. It's a free-to-play game being promoted by a US State Lottery, to encourage you to try out a digital scratch card before signing up. No, you don't get a similar message if you lose.



The FCA now require that: **communications focused on supporting customers [are] as clear as those used to sell the product.**

For those of you who have already experienced one of my assessments, you'll know how much emphasis I place on making your safer gambling information as accessible and readable as your marketing efforts. If it isn't, why not? Are the details of the game's play as easy to find, and easy to read, as the bonus offers for the game? If a player wants to make a complaint, is the service level for complaints obvious; do you publish statistics on complaint resolution?

And finally: **if a manufacturer is developing a higher risk product, it should take additional care to ensure it meets customers' needs and is targeted and distributed appropriately.**

That's where we at the Game Safety Institute can help. We can help you to ensure that you can evaluate why one product may be riskier than another, and can decide how best to distribute that product in such a way that its risks are clear to your players. Your players can then then decide, with clear and useful guidance, how they want to engage with that product.

We believe that the gambling industry, on the whole, wants to be seen as more trustworthy. Putting in place better consumer protection, in the form of clearer information, fewer misleading promotions and better customer services, will drive not only reductions in harm but also, potentially, greater trust in those operators who put their customers' needs first.

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