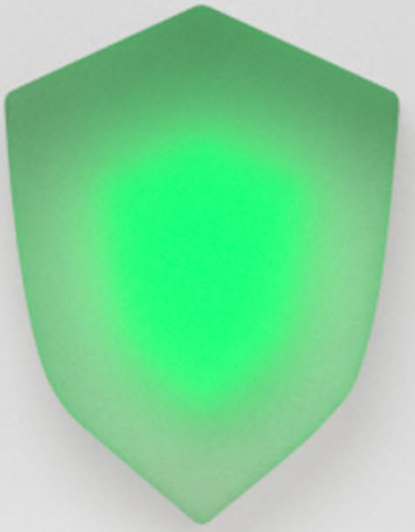
playtech protect

SAFER BY DESIGN

Building effective product risk assessment protocols



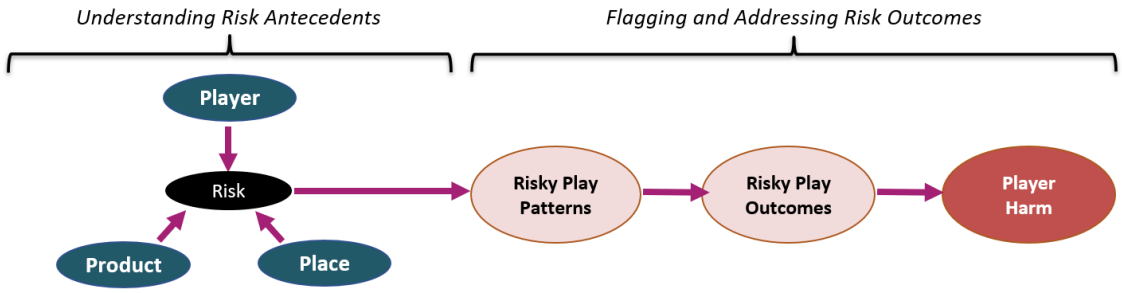
The strategy will support our long-term ambition to be the most trusted and innovative global leader in safer gambling products, data analytics and player engagement solutions.

playtech protect

Safer by Design:
Building a collaborative, integrated and evidence-based framework to inform the regulation and mitigation of gambling product risk

What is the topic?

Product features, along with player characteristics and place or gambling provider characteristics, form the main antecedents to risky play and harmful outcomes (see diagram). A better understanding of product features and other antecedents has the potential to improve customer interventions and reduce gambling related harm. It can also inform potential changes to products that might reduce risky play in the first instance, responding to growing regulatory interest in this area.



Problem gambling and harm arises from a combination of individual, environmental and product factors

Intervening in antecedents to player risk is, however, challenging; i) antecedents are not guaranteed to lead to risky play or harmful outcomes; ii) they interact in non-linear, non-obvious ways in driving risk; and iii) many are poorly understood with limited research undertaken in real-world settings.

However, existing industry interventions at the point of play and outcome, whilst improving significantly in recent years, are not yet able to address all stakeholder with regards to reducing gambling related harms more broadly. As a result, it is important to deepen our understanding of product-related risk (and other antecedents) to explore further opportunities to reduce risk.

Why is it important?

Whilst much of the focus on reducing gambling harms has been focused on the player, more focus is shifting towards product. When we talk about products we cover the full spectrum; slots, table casino games, sports betting, including in-play, bingo and lottery products, both draw-based and instant win games, also both digital and land-based. Products can also cover features provided by what we term the gambling operator platform; the responsible gambling features available, such as limits, and other features related to how players deposit and withdraw funds, for example.

The Gambling Act Review in the UK, launched in December 2020, is exploring product aspects like stake and spend limits, whilst UK politicians have highlighted the need to determine the level of risk posed by gambling products before launch (p.50, House of Lords Select Committee on the Social and Economic Impact of the Gambling Industry, 2020). Regulators in the UK and Netherlands have introduced consultations to inform licensing conditions to make gambling products safer. Trade bodies are encouraging members to adopt game design policies (e.g., Level 4 of World Lottery Association's Responsible Gaming Framework) or are leading working groups to address the issues related to propduct safety (e.g., Betting and Gaming Council). In Australia, debate has explored reducing the maximum bet on gaming machines to AUS$ 1, the role of automated gaming tables and whether gaming machines should have note acceptors, and reviewed concerns about potentially misleading slot features in the courts (with the Federal Court ultimately ruling that there was insufficient evidence relating the design feature to risk).

To help inform this debate Playtech, in collaboration with Professor Paul Delfabbro and Dr. Jonathan Parke, have written ***Safer by Design: Building a collaborative, integrated and evidence-based framework to inform the regulation and mitigation of gambling product risk***, a research paper accepted for publication in the Journal of Gambling Issues (anticipated to be available in the second half of 2021). This note summarises key challenges raised by the research and builds on it from a Playtech Protect perspective by suggesting possible ways forward.

What does the research aim to do?

Whilst the focus on product risk is important and increasing, the current approaches to understand it do not unlock its potential, as such our paper proposes a greater level of ambition in an attempt to make better use of a "whole systems approach" to addressing product risk. A key element of the paper is to outline the limitations of the current approaches to regulating product related risk. These are summarised below, and in this briefing, we build on ideas introduced in the paper to tackle these limitations with progressive approaches, as contributions to the sector-wide conversation.

Limitations of the traditional approach to product risk

1	Disputed interests and competing objectives, arising from mismanaged and exaggerated stakeholder conflict	An agreed process for engaging and balancing interests to arrive at consensus (via an agreed "Delphi" method)
2	Narrow research base leading to ineffective regulation, exacerbated by siloed knowledge and selective use of data	A hierarchy of evidence, guiding exercises that might draw on existing research or aim to challenge consensus
3	Divergent understanding and prioritisation of risks, as a result of disparate strategies and unclear success metrics	Documented definitions and principles guiding a discussion of product risk
4	Inaccurate risk assessment protocols, with limited transparency around decision-making under uncertainty	A new product classification protocol (both cross-vertical and within-vertical comparisons) enabled by the above
5	Duplicated or contradictory harm reduction regulation, without a holistic view or comprehensive research vision	Ambitious research agenda with real-world data, via industry collaboration and regulatory "test & learn"

We aim to explore all of these issues over the coming 12 months and in this briefing, we discuss the issue of effective product risk assessment protocols.

Developing Effective Product Risk Assessment Protocols

Despite recent proposals from some regulators to classify product into risk categories, public attempts to date at systematising research insights into a risk classification scheme are not yet adequate for capturing the nuances of product-related risk across such a diverse range of products and channels (i.e., digital and land-based). ASTERIG (Blanco et al., 2014) is one peer-reviewed, publicly available risk protocol. Others discussed in the paper include proprietary products such as GAM-GaRD (which is hard to assess in full as the protocol is not publicly available), or the tool developed by Meyer, Fiebig and Morsen (2011).

Inadequacies and limitations of existing schemes include concerns over:

a. Relevance and applicability of certain risk criteria
b. Scope and ambiguity of criterion definitions
c. Inadequate calibration and sensitivity of rating scales
d. Relationships among criteria not adequately considered
e. Important dimensions of risk being omitted.

In the context of ASTERIG, examples of limitations include, for example, that any product with any form of "lights and sounds" has the highest risk score in that topic, but no rationale differentiates the visual effect of a digital display from the tactile effect of a scratch-card. Also, whilst a typical electronic gaming machine (EGM) or video lottery terminal (VLT) might be 60x faster than a scratch-card or complex poker round, it is only rated as 1.6 times riskier using ASTERIG. Cost of play is not fully analysed in existing schemes, as whilst multiple stakes & variable stakes are included, their joint effect on cost of play in typical sessions is not considered alongside game speed, RTP, volatility, and stake sizes.

Considerations for creating better schemes include i) Gathering better evidence (scheme development should be guided by high quality evidence from real-world settings), ii) Developing clear definitions (i.e., operationally defining all product elements consistently), iii) Outlining theoretical rationale (i.e., clear explanations and justifications, supported with evidence where possible regarding, how risk is caused by a product feature), iv) Better scheme sensitivity (being able to distinguish between varying magnitudes of risk), and v) Practical utility (i.e., any classification scheme must be a useful guide for industry action).

A Whole Systems Approach

The need for strategic integration across a whole-systems approach applies to all product safety strategies. In the UK, for example, one of the current challenges is that multiple, concurrent new approaches have been proposed to reduce the risk of harm and increase player protection. This includes measures that are intended to reduce unaffordable losses incurred from gambling e.g., limiting stake size (i.e., a product restriction) and imposing spend limits with a range of limits being proposed, some potentially starting as low as £100 per month until evidence of customer affordability can be confirmed (i.e., a surrounding safeguard). There is also a discussion about applying protections and restrictions based on the risk assessment of products as we have set out above. Whilst there might be a degree of overlap between each of these approaches, they can have significantly different impacts on players. It is therefore important to understand the interaction between them all, otherwise there is a risk that some elements are unnecessary, will be superseded by measures introduced by a future approach, or will combine in a way that has unintended consequences. For example, if hard affordability checks were to be adopted, especially at relatively low levels, it is not immediately clear what additional benefit would be gained by reducing stake size, which is arguably also a key consideration in a product risk protocol, despite the significant implications and resource requirements related to implementing both options. Therefore, any risk assessment protocol needs to assess wider harm prevention strategies if they are to be effective.

How can I find out more?

To find out more please contact the research team via protect@playtech.com.

References

The research paper supporting this briefing is:

Delfabbro, P., Parke, J., Dragicevic, S., Percy, C., & Bayliss, R. (forthcoming). Safer by Design; Building a collaborative, integrated and evidence-based framework to inform the regulation and mitigation of gambling product risk. *Journal of Gambling Issues.* Accepted for publication and due to be available at https://jgi.camh.net/index.php/jgi, anticipated in late 2021.

Further references

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Meyer, G., Fiebig, M., Hafeli, J., & Morsen, C. (2011). Development of an assessment tool to evaluate the risk potential of different gambling types. *International Gambling Studies, 11(2)*, 221-236. Available at: https://doi.org/10.1080/14459795.2011.584890

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