

Slots Staking Limits

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What is the topic?

Players placing bets on online slot games typically choose the stake to place on each spin within a range of values set by the gambling operator, perhaps from 10 or 20 cents up to 10 or 20 Euros.

On 15 December 2020, as part of its transitional regime, Germany introduced two key changes to regulate online slots play: a 1 Euro stake limit and a 5 second minimum spin speed. These changes were to be implemented by operators who intended to continue operating in Germany from 1 July 2021 when the Inter-State Treaty entered into force. The Germany policy resulted in a short-term mixed market model, in which some operators implemented these changes and others did not but were permitted to continue operating in Germany for a few months

Why is it important?

As of 2022, there is a live debate in several countries about setting staking limits on different modes of gambling.

Proponents of new limits argue they reduce players' ability to bet large amounts in a short-space of time, which should reduce over-spending and chasing losses for some players. Opponents argue that limits make little difference as most bets are small, both for at-risk players and the majority. Players wanting to spend more can simply get round the limits by spreading the same total stake over more wagers or chase losses by moving to higher risk-higher return wagers. Better approaches may exist, rather than limiting the enjoyment of gambling for all players regardless of their risk level. In practice for online slots, there is always an upper stake limit – the question is how high the limit should be and who sets it. Both proponents and opponents are concerned that stake limits should not drive players into unregulated markets, although little is understood about how serious this risk is.

The majority of research on stake sizes takes place in a simplified environment in a laboratory or similar setting which does not reflect real-world gambling activity. The German policy provided a rare opportunity to understand how players respond to slots limits when the limits are in place only in some operators: "partial market regulation".

What did the research do?

Playtech Protect conducted exploratory analysis comparing four operator brands who introduced the stake limit with seventeen operator brands who did not. There were three main analyses, mostly differentiated by "more affected players", who had at least some sessions with substantial betting above 1 Euro stakes and "less affected players", who rarely or never placed such bets.

1. How did daily churn and new joiner numbers vary among the two groups of operators (see Appendix for definitions)
2. Among regular players, active with the same operator both before and after the limit introduction, what happened to average daily bet per spin, number of spins, and total loss
3. Were there any changes in declined deposit rates, as an approximate indicator of players significantly over-spending (available only for brands not implementing the stake limit, as no payments data were held by Playtech for brands who did implement the limit).

What did the research find?

(1) Daily churn and new joiners

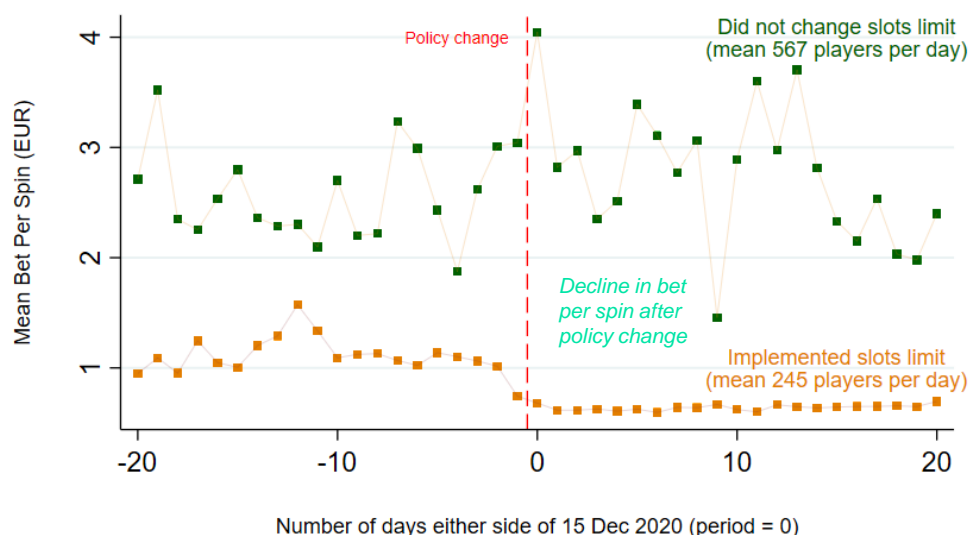
Beginning around 10-14 days before the policy change, daily churn increased by 3-6%pts among the more affected players and 0-2%pts for less affected players, before appearing to revert to previous churn levels after 10-14 days. No similar shift was observed in brands who did not introduce the stake limits, suggesting the policy changes or correlated effects were a key influence on the increased churn. A difference-in-differences analysis is statistically significant for more affected players ($p\text{-value} < 0.01$) but not for less affected players.

In the 4-5 days before the policy change, an unusually large number of new players began playing on the brands that did not introduce the policy change, an estimated total of at least 1,000 additional players over that period alone ($p\text{-values} < 0.01$). There was no equivalent change for the operators introducing the policy change.

(2) Changing play behaviour among continually active players

Among more affected players who continued to play, the stake limits resulted in about 40% lower bet amount per spin (see Fig 1), with no corresponding change in brands who did not introduce slots limits. On average, players were not compensating for the stake limit by placing more spins. By contrast, both daily spins and total spend declined, consistent with an interpretation where some players were frustrated by the play experience, such that they reduced their play and/or moved some spend to other platforms. Spin volumes dropped by a third at first, before recovering partly after about two weeks. Longitudinal difference-in-difference analyses were used to confirm statistical significance.

Fig 1. Analysis on bet per spin: more affected players only



(3) Declined deposit rates among operators not introducing the limit

There was no expectation of betting behaviour change among the players who were pre-existing customers with brands not introducing the limits. However, the research identified worrying patterns in their average behaviour.

Daily losses increased by about a third (20-30 Euros) in the 20 days after 15 December compared to before. There also appeared to be short-term increase in payment providers rejecting players' attempts to deposit funds (e.g. 5%-15% increase for 2-4 weeks).

It is unsure what is driving this change in behaviour. One possibility is players heard about the policy change and chose to alter their behaviour, perhaps increasing stake size and number of spins in anticipation of one day having limits imposed. Another possibility is that some players had multiple accounts and switched some of their activity to the no-limit sites. It may also be driven by other changes not investigated, such as changes in game RTP mix or outlier activity.

What are the implications for industry and policy?

Overall, the policy resulted in reduced spend in sites where it was implemented. However, the findings are consistent with the conclusion that a stake limit reduces some players' enjoyment of the game beyond the reduced stake size alone, so that they choose to play less with operators that apply limits, cease playing all together, or move to operators that do not impose limits.

Where a play limit was in effect nationwide, the equivalent change might translate into leakage out of the regulated market. The exact level of leakage would depend on a range of factors, including the level of play limits, player awareness of unlicensed sites, the ability/ease of player access to these sites, trust in unlicensed sites, ability to fund their account with these sites, and so on.

We suspect that higher risk players will often be more motivated to change behaviour to bypass the imposed limits. Indicative evidence is found in the increased declined deposits among brands not introducing the policy changes, but this research does not have access to data to assess this hypothesis directly. Low-risk higher spenders who seek to avoid restrictions are also likely to be motivated to bypass limits by moving to unregulated sites. Unlicensed operators can also encourage players to switch sites and are likely to treat new policy restrictions as opportunities for player acquisition, as appears to be the case in the data on churn and new joiners.

This research suggests that any stake limit policies should be implemented cautiously, developed on the basis of evidence to be as effective as possible given the possibility of unintended consequences. For instance, policies might begin with high thresholds and put robust evaluation plans in place to understand changes in player experience, play behaviour, player risk, and movements between different types of operator, to be able to adjust the limits if necessary. In general, stricter limits, whether new limits or adjusted limits, should be accompanied by awareness raising among players. Once unregulated play is taken into consideration, a personalised approach to player protection may prove safer than market-level generic rules, drawing instead on player-level limits and support that are informed by player-level risk assessments.

How can I find out more?

To find out more about this research or if you have any suggestions for future topics to be addressed via the Industry Research Brief, please contact the team via protect@playtech.com.

Appendix: Descriptive data and definitions

	Four operator brands who introduced the play limits in December 2020		Seventeen operator brands who did not introduce the play limits	
	20 days pre 15 Dec	20 days post 15 Dec	20 days pre 15 Dec	20 days post 15 Dec
Daily Losses (Euros)	7.50	4.90	59.30	80.00
Total Days Played	6.3	6.3	7.3	7.4
More affected players	0.8k		1.5k	
Less affected players	1.4k		0.6k	

* A more affected player is one with at least one day in the preceding 50 days (26 Oct-14 Dec) where their average bet per spin on at least one game was over 1 Euro. A less affected player did not have any single such day, i.e. while they may have occasionally placed bets over 1 Euro, the majority of their bets are below the threshold.

Player inclusion definitions

- **Continually active players:** Wagering at least 5 Euros across a full period 50 days before and after 15 December, with at least 5 days of play in each 50 day period.
- **Churn definition:** Definition adopted to focus on active players and exclude single day players. An active play day is defined if the player playing that day also played at least two days in the previous 28 days. If it is also the last day they play in the following 28 days, it is identified as a churn day. Daily churn rate is churn days divided by active play days.
- **New player definition:** Those playing for the first time compared to the previous 28 days (they may or may not have played again), i.e. a combination of new joiners and newly reactivated players.

Brands also met certain conditions to be included in the analysis:

- Minimum volume of activity: Have at least 20 days in the 50 days before and after 15 Dec with play (the pre- and post-periods).
- Minimum number of potentially affected players: At least 50% of the pre-period playing days had at least one player whose daily play on at least one game had an average bet per spin over 1 Euro.
- Germany coverage: Exclude brands with unusual domain names that suggest a focus only on countries outside Germany (international brands are allowed).
- For brands identified as implementing the policy change, the post-implementation period was allowed a maximum of 5% of playing days which had at least one player with average bet per spin over 1 Euro.
- For brands identified as not implementing the policy change, the minimum number of potentially affected players was also required in the post-period.