

Consultation Report

Every Customer Counts

Consultation Report - Use of credit cards for gambling transactions

Australian Banking Association

December 2020



Australian Banking Association

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Consultation Report - Use of credit cards for gambling transactions

Executive Summary

In late 2019 the Australian Banking Association (**ABA**) sought community views on the use of credit cards for gambling. The consultation used a range of methods to understand community and stakeholder views about financial institutions allowing their credit card products to be used for online gambling and the role of banks in mitigating gambling related harm. This report reflects the views of respondents to the consultation and does not reflect the views of the ABA.

Most respondents to the consultation (both in written submissions and in the short survey responses) thought the use of credit cards for online gambling should be prohibited. The associated risks were considered to significantly outweigh any potential benefits for customers, especially for vulnerable populations such as individuals experiencing gambling problems. Using a credit card for gambling can create a unique harm whereby significant debt can be accumulated quickly without any value being attached to it.

Several respondents argued they saw no justification for allowing the use of credit cards for online gambling when credit cards cannot be used for gambling in venues (casinos, pubs, clubs, or TAB outlets) in any jurisdiction in Australia. All online gambling companies accept payment by debit cards, meaning consumers can continue transacting online.

Respondents opposed to restrictions on using credit cards argued that the gambling industry is a legal and highly regulated industry, and that the industry has significant strategies in place to protect vulnerable customers. They also argued that restrictions on credit cards do not address the underlying issues that create problem gambling.

In the absence of a regulatory ban on the use of credit cards for gambling, a financial institution would need to introduce a block on payments to the merchant category code for gambling (MCC 7995 – betting, including lottery tickets, casino chips, off track betting, and wagers at racetracks).

Some respondents were concerned a potential block on payments to gambling companies might impact small businesses such as newsagents. The overwhelming majority of newsagents are classified using the newsagent merchant category code (MCC 5994) and would be unaffected by a ban on the gambling code, MCC 7995. A newsagent (or individual payment terminal) would only be impacted if they derived the majority of their income from lottery sales. Potentially, this would impact very few newsagents. If a bank were to consider implementing such a ban, the potential impact on these retailers, as well as the fundraising activities of some registered charities that sell lottery tickets would need further consideration.

The ABA will not be making recommendations or suggestions regarding the restriction or banning of credit cards for gambling. Under the *Competition and Consumer Act 2010*, businesses (and their industry association) are prohibited from reaching agreements or understandings about matters on which they compete, such as in relation to prices for products or services, the design features of those products and services, the ability to offer a product or service, or arrangements for certain customers or others (e.g., suppliers, distributors, intermediaries).

ABA members are asked to assess the consultation report and make their own decisions regarding any changes.

Scope of the consultation

The Australian banking industry is seeking to understand community standards and expectations around the use of credit cards for gambling. As part of this work the ABA Council agreed the ABA should conduct a public consultation with stakeholders and the community on the use of credit cards for gambling.



The consultation started on 5 December 2019 and closed on 5 March 2020. It was supported by a representative sample survey (**YouGov survey**) as well as a short-form survey placed on the ABA website consultation page (**Website survey**).¹ The consultation posed the following questions:

1. What are the risks and concerns associated with gambling with credit cards?
2. Should the use of credit cards for gambling be restricted or prohibited?
3. If so, should the restriction or prohibition apply to all forms of gambling?
4. What are the potential consequences of prohibiting or restricting the use of credit cards for gambling?
5. Should there be a transition period if banks choose to implement changes relating to credit cards?

The ABA received 40 written submissions from consumer advocates, online wagering companies and the Responsible Wagering Australia (RWA); academics, government agencies, gambling counsellors and individuals.² There were 813 responses to the short-form web survey.

This document brings together the responses from the consultation responses, the website survey and the YouGov survey to describe how Australians perceive gambling with credit cards.

Background

Gambling in Australia

For many Australians, gambling is a form of entertainment and recreation. In the three months leading to December 2018 around half of all adult Australians gambled.³ Most of those who gamble do not experience harm. However, gambling can be a problem for some people, and there are many things that can exacerbate, or minimise this harm.

In the early 2000s Australian State Governments introduced bans on the use of credit cards for gambling and cash advances on credit cards in casinos, on racetracks and in gambling areas of licensed venues. At this time, online gambling was extremely limited in Australia (Appendix 3). Today, there are no restrictions on the use of credit cards for online gambling (which includes betting on apps and buying lottery tickets).

Using credit to gamble is further compounded by the changing way Australians place bets. In 2018, 34% of Australians who gambled used the internet to place a bet, up from 16% in 2012.⁴ While less than 20% of losses occur in the online environment (most losses occur at casinos and through gaming machines)⁵ there is a greater possibility for losses from gambling.

Online gambling creates an environment where people can gamble any time, in any place, and in a 'cashless' way, that can distance the person gambling from the money being spent and the losses incurred. For those who experience problem gambling, this can be a particularly dangerous set of circumstances. Australian research has found that: "use of Internet gambling is more common among highly involved gamblers, and for some Internet gamblers, this medium appears to significantly contribute to gambling problems."⁶

There are currently financial institutions in Australia that do not permit gambling on credit cards. These include Macquarie Bank, Citibank, Suncorp, Bank of Queensland, Virgin Money, American Express and Latitude Financial. American financial institutions do not allow gambling on credit cards and this policy extends to their Australian based businesses. Citibank provide white label credit cards for Suncorp, Bank of Queensland, and Virgin Money and therefore gambling is not permitted on these credit cards.

¹ A full description of the methodologies of both surveys is provided in appendix 1.

² A full list of the individuals and organisations that made submissions can be found in Appendix 2.

³ Roy Morgan Research (2019) Fewer Australians Gambling, Finding No. 7941, <http://www.roymorgan.com/findings/7941-gambling-participants-201904120606>

⁵ Queensland Government Statistician's Office (2018) Australian Gambling Statistics, 35th Edition, 2017-18 <http://www.qgso.qld.gov.au/products/reports/aus-gambling-stats/>

⁶ Gainsbury, S. M. (2015) Online Gambling Addiction: The relationship between internet gambling and disordered gambling, Current Addiction Reports, Vol. 2:2, pp: 185-193 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4610999/>



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Recent International developments

In January 2020, the UK Gambling Commission introduced a ban on credit cards as a payment method for gambling products, effective from 14 April 2020.⁷ This ban applies to all forms of Internet gambling and to land-based betting. Responsibility lies with the gambling operators to stop customers gambling with a credit card. In addition, licenced gambling operators are prohibited from accepting payments made by credit card via a money service business, such as by using e-wallets (e.g., PayPal). Lottery products sold in retail outlets are excluded from the reforms due to lotteries' low-risk profile and the unrealistic burden implementing this would place on small businesses, by restricting one product, lottery tickets, while permitting credit cards to be used for all other products offered.

It should be noted, the UK Gambling Commission has banned gambling companies from accepting payments from credit cards. The ban is a condition of a gambling company's licence. This type of ban in Australia would require regulatory intervention by Government/s.

This paper considers Australian financial institutions blocking credit cards from being used for payments to the gambling merchant category codes (MCC 7995 - Betting, including lottery tickets, casino chips, off track betting, and wagers at racetracks).

⁷ UK Gambling Commission <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/gambling-on-credit-cards-to-be-banned-from-april-2020>



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Should the use of credit cards for gambling be restricted or prohibited?

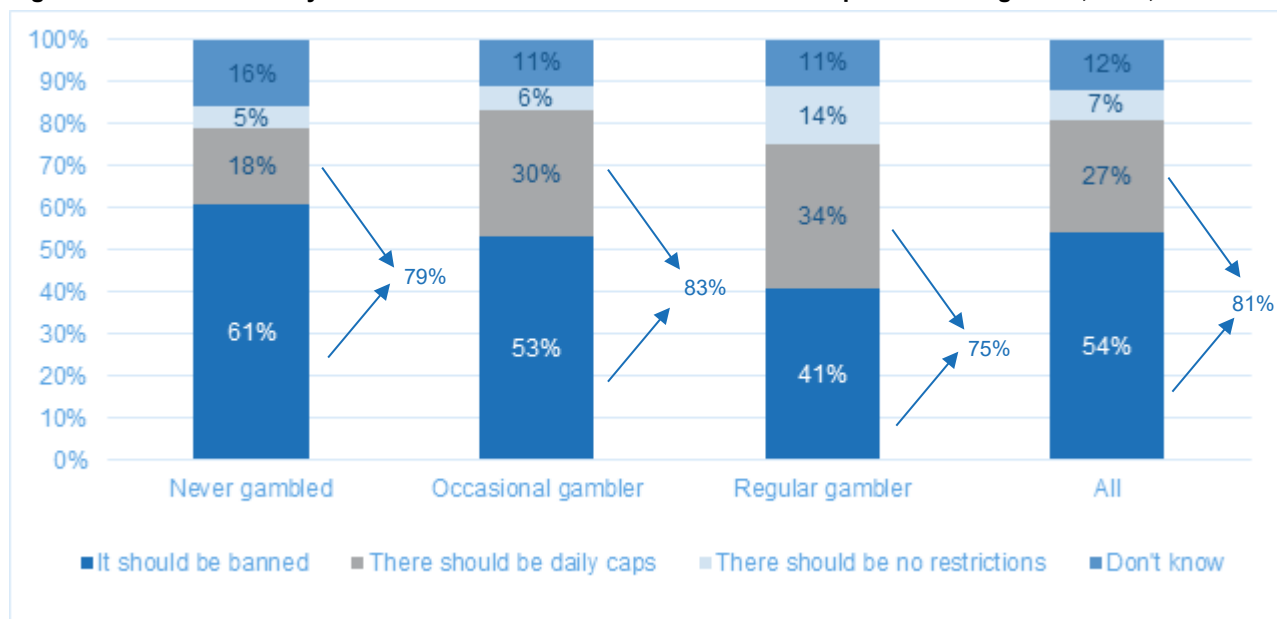
The best way to assess the extent to which Australians agree, or disagree that credit cards should be allowed for gambling is by asking a random sample of Australians. This ensures that the data is representative of the Australian community at large. The ABA commissioned an independent research agency, YouGov, to conduct this exercise in November 2019.

According to the YouGov survey, 81% of Australians thought gambling on credit cards should be restricted or banned. This figure varied between 75% and 83% depending on whether, or how often, a person said they gambled, figure 1.⁸ Despite this variation, the proportion of Australians who support restricting or banning credit cards for gambling remains high, even among regular gamblers.

Just over half (54%) of Australians agree that the use of credit cards to place bets or gamble should be banned. This view was stronger among people who stated they have never gambled (61%) and those who reported gambling no more than a few times a year (53%) than people who gamble more regularly (41%).

Only a small portion (7%) of Australians stated there should be no restrictions on gambling with a credit card. This is substantially higher among regular gamblers (14%).

Figure 1: What is close to your own view about the use of credit cards to place bets or gamble, 2019, %



Source: YouGov survey for ABA, 2019; Base: All respondents

Of the written submissions, 30 were supportive of prohibiting the use of credit cards for gambling; seven were opposed to a ban; and three raised concerns specific to the impact of a potential ban on the sale of lottery tickets at newsagents and charity lotteries. One submission that supported a ban, advocated for Government legislation to prohibit the use of credit cards, rather than banks or financial institutions.

Reasons to restrict or ban credit card use for gambling

The majority of submissions, and the ABA website survey responses supported a restriction or ban on the use of credit cards for gambling. This view was held by many, including those representing

⁸ People who reported never gambling account for 34% of Australians aged 18 and over; Occasional gamblers are defined as those who reported gambling once a year or less, or a few times a year and account for 46% of Australians aged 18 and over. Regular gamblers are defined as those who report gambling a few times a month or more and constitute 19% of Australians aged 18 and over. More detail can be found in Attachment 1.



consumers, people and their families who had experienced problem gambling, academics, and government agencies.

Submissions detailed a range of benefits to banning, or restricting credit cards as a means of paying for gambling:

- reducing the number of problem gamblers and / or their families incurring high levels of debt that they cannot repay
- introducing friction and forcing a delay in gambling activity by removing immediate access to borrowed funds
- introducing consistent regulation of all form of gambling
- reducing additional fees incurred through gambling with a credit card (i.e. cash advance fee), and
- limiting the ability for problem gamblers to 'chase' their losses.

There was a view that given there are multiple alternative payment options available that minimise the risks associated with gambling on credit cards (such as scheme debit cards), banning credit cards (for gambling) would not impinge on the rights of the general population.

This section first describes the reasons as given in submissions, in support of restricting credit cards for gambling, including why these respondents believe credit cards are not an appropriate financial instrument to access money for gambling. This is followed by a lengthy description of the harm that these respondents believe can be caused when credit cards are used by problem gamblers.

Reasons banks should restrict credit cards for gambling

Community expectations that banks should act to minimise potential financial harm

A survey by Bank Australia in May 2017⁹ found that many Australians expect banks to bear some responsibility to minimise the use of credit cards for online gambling. The survey found that 76% of the respondents to this survey thought banks have a responsibility to prevent consumers getting into financial stress from using credit cards for gambling. When asked whether they would support a ban or block for gambling payments using credit cards, 85% were in favour.

In the submissions, some consumer advocacy organisations argued that there is a community expectation that banks and other financial institutions will protect their customers from financial harm. The joint submission from consumer advocacy organisations highlighted that Chapter 14 of the *ABA Banking Code of Practice*¹⁰ requires banks to take extra care with customers who may be vulnerable.

"People who are affected by gambling, including those with gambling addictions, who are on the pathway to developing an addiction, or in recovery for gambling addiction fit this category and can be highly vulnerable." (Consumer Advocates)

In its submission, the Alliance for Gambling Reform argued that the use of credit cards for gambling purposes is out of step with community standards:

"Credit restrictions were placed on wagering firms and pay-day lenders in 2017, however Australian banks remain an outlier in this regard. Given the known harm linked to gambling with credit, and the relatively minor inconvenience to customers not experiencing harm, it is difficult to not view this practice as irresponsible on the part of banks. If someone can't use their credit card on a poker machine, surely they shouldn't be able to for online gambling either." (Alliance for Gambling Reform)

The view that banks have a responsibility to their customers was also expressed in comments in response to the website survey. One person described the provision of a credit card for gambling as 'irresponsible lending' arguing that a personal loan would not be granted for the purposes of gambling.

⁹ <https://www.bankaustralia.com.au/about-us/news/corporate/credit-cards-and-online-gambling--your-say/>

¹⁰ Banking Code of Practice 2020 <https://www.ausbanking.org.au/wp-content/uploads/2020/03/2020-Code-A4-Booklet-Interactive.pdf>



Other respondents raised the corporate social responsibility obligations on banks, and suggested shareholders could act, if banks did not implement their own changes.

"No bank would lend a punter standing in the queue at the bookmakers - but with credit cards, that is what happens." (ABA web survey)

Submissions from consumer groups argued that gambling should not be a permitted purpose when providing a credit card. The joint submission from consumer advocacy groups argued:

"A prohibition would mean that the banks have clearly stated that gambling on credit is not a permitted purpose. This is consistent with responsible lending and sound risk management practices". (Consumer Advocates)

Some submissions referenced the 2018 ASIC inquiry into credit card lending in Australia, *Report 580 Credit card lending in Australia*¹¹. ASIC "...identified instances where consumers had cards that did not suit their behaviours, particularly high-interest rate cards where interest was charged. There were also consumers who repeatedly exceeded their credit limit. This suggests that some consumers struggle to choose appropriate cards". In the report, ASIC sets out its expectation that credit providers take proactive steps to look for and address, problematic credit card debt and proactively identify products that do not suit consumer's needs. One submission argued that addressing the harm associated with gambling transactions on credit cards would also help prevent problematic credit card debt.

The need for consistent regulation

A strong view expressed in several submissions was that prohibiting the use of credit cards for all forms of gambling would address the gap in Australia's policy settings in relation to online gambling.

"While use of credit cards in venues is not a legal option in many cases, people can use credit cards to make deposits into online betting accounts. In 2017, the Commonwealth Government introduced legislation to prevent corporate bookmakers from providing advances to people to gamble. A ban on the use of credit cards to gamble would provide a substantial and beneficial protection lacking since the rise of online betting" (Victorian Responsible Gambling Foundation).

This view, of there being a responsibility to not allow gambling on credit cards, was not restricted to credit cards offered by banks. Some submissions argued for law reform to ensure a ban applied to all credit card providers. The Australian Finance Industry Association (AFIA) suggested that the Federal and State governments should consider appropriate action to ban the use of credit cards for transferring funds to online gambling accounts through the *National Consumer Protection Framework for Online Wagering*. This change would restrict the use of credit cards for all gambling, gaming, and wagering services in Australia.

Numerous submissions cited the recent UK policy change, banning the use of credit cards as a payment method for gambling products as a model to be considered.

Vulnerable groups are more likely to suffer harm when using credit cards for gambling

A theme repeatedly raised in submissions as well as in the website survey was that harm associated with credit card use can be disproportionately borne by more vulnerable populations. Vulnerability was variously described in submissions as a reference to people experiencing gambling problems, people with mental health and / or substance abuse issues, as well as people who are financially vulnerable.

In its submission, the University of Sydney's Gambling Treatment and Research Clinic defined a vulnerable person as any individual with a gambling problem:

"The associated risks [of allowing credit cards for gambling] appear to significantly outweigh any potential benefits for consumers, especially for vulnerable populations such as individuals experiencing gambling problems." (Gambling Treatment and Research Clinic)

¹¹ <https://asic.gov.au/regulatory-resources/find-a-document/reports/rep-580-credit-card-lending-in-australia/>



The Alliance for Gambling and Wyndham City Council both cited local and international research showing credit cards are disproportionately used by people experiencing extreme gambling harm. The citations included a 2010 Australian Productivity Commission report into gambling which reported multiple studies found those experiencing high levels of gambling harm were more than four times as likely to use credit cards to obtain cash advances for gambling than people considered to be low-risk gamblers.¹²

Other studies cited by the Alliance for Gambling and Australian Gambling Research Centre, included UK research that found 38% of “problem” gamblers, and 30% of moderate risk gamblers had used a credit card for gambling, compared to just 8% of non-problem gamblers.¹³

A further study of UK citizens affected by gambling-related harm, found 49% reported using credit cards to fund their gambling; 40% went overdrawn and 27% had taken out payday loans. Most pertinently, 76% of surveyed gamblers had built up debt because of their gambling, and 44% of others affected had built up debt themselves, clearly indicating this harm extends to families and communities.¹⁴

Mental health and substance abuse issues were also raised in several of the submissions.

“Psychosocial stressors for many people with mental ill-health who are also facing issues such as poverty, include struggles to find sufficient funds to pay bills, and vulnerability to financial manipulation in the community. They are at greater risk of being enticed by easy access to gaming and gambling machines. Impulsive behaviour can be a result of desperation and easy access to credit cards contributes to gambling related risks¹⁵” (Lived Experience Australia)

Concerns about people with mental health and substance abuse issues being more at risk of problem gambling, and consequently, more at risk of using credit cards to gamble was expressed by several respondents in the website survey.

“As a clinical psychologist I'm very concerned about people who gamble and have a gambling disorder which is often comorbid with another mental disorder e.g. depression, schizophrenia, substance use disorder etc which impairs their judgement.” (ABA web survey)

Fees and interest payable on credit card debt

Credit cards come with a higher cost than other forms of credit and are therefore a more expensive source of debt. When used for gambling, these cards attract high cash advance fees further exacerbating harm. This concern was raised in several submissions from researchers, consumer advocates and gambling support agencies.

“Given gambling products are treated as cash advance transactions, consumers incur high interest rates and additional fees, and do not benefit from interest-free periods usually available for purchases made using credit card products.” (Gambling Treatment and Research Clinic)

¹² Productivity Commission, 2010, *Gambling*, Vol. 2, Productivity Commission Inquiry Report, No. 50, 26 February 2010.

¹³ UK Gambling Commission, 2019. Consultation on gambling with credit cards. https://consult.gamblingcommission.gov.uk/author/consultation-on-gambling-with-credit-cards/supporting_documents

¹⁴ Nash, E., MacAndrews, N., & Edwards, S., 2018. Out of luck: An exploration of the causes and impacts of problem gambling. London: Citizens Advice. <https://www.citizensadvice.org.uk/Global/CitizensAdvice/Consumer%20publications/Out%20of%20Luck.pdf>

¹⁵ Gambling and debt: the hidden impacts on family and work life, Downs C & Woolrych, R Community, Work & Family, 13:3, 311-328, DOI 10.1080/13668803.2010.488096



Harm intensified when credit cards are used to gamble

Use of credit cards by people in financially vulnerable situations

An argument put forward in written submissions and by some who responded to the website survey, was that accessing money through credit cards to gamble, may be a problem disproportionately experienced by financially vulnerable people. This is a broad group which can include younger people and lower socio-economic groups.

"Poor people are the people who need credit to gamble. Not high rollers who can get facilities by other means. Look at the distribution of gaming as between the poor and the rich suburbs." (ABA web survey)

"...Gambling through credit cards will cause [harm to] families, particularly young families who are already in the lower socioeconomic-economic bracket in Melbourne's north and west regions." (ABA web survey)

According to the NSW Gambling Survey 2019 cited by Responsible Gambling Fund, NSW Office of Responsible Gambling, 1.3% of gamblers reported increased credit card debt as a harmful consequence of their gambling, with problem gamblers more likely to report experiencing this type of harm in comparison to non-problem and low-risk gamblers (Browne, et al., 2019).

Care Inc, noted that most of their work is with low to moderate income earners who are experiencing a range of financial hardships, including clients who gamble regularly:

"For this client group it is not uncommon that they use credit cards for gambling activity. In our experience, clients who use credit cards for gambling activity tend to accumulate larger amounts of debt within shorter periods of time. Credit cards attract relatively high interest rates which can lead to a rapid debt spiral. Clients who gamble with credit cards are also prone to having multiple credit cards, compounding their risk of increased debt problems and gambling related harms." (Care Inc.)

The risk of credit cards for people with gambling addictions was raised by several consumer advocacy and gambling support groups.

"...people with gambling addictions ... actively seek credit from wherever they can get it Credit card debt is more expensive than many other types of debt, adding to the harm people experience when gambling has already caused harm in their lives." (Consumer Advocates)

"...the use of credit cards can exacerbate the likelihood of acute financial harm to high risk gamblers.... Credit cards, which use borrowed money, in contrast to debit cards or online wagering accounts with pre-existing funds, can facilitate gambling with money that participants do not have."...this 'lack of friction' (or lack of delay) with credit cards, along with the widespread 24-hour access to online gambling, can increase the risk of overspending and promote impulsive gambling behaviours." (Australian Gambling Research Centre)

"...by removing credit cards from this environment of constant incentives to bet will make a positive contribution to reducing gambling harm and the risk of gambling harm. By removing the ability to bet future funds, a brake will be applied to the speed and even extent of uncontrolled gambling." (Victorian Gambling Foundation)

The YouGov survey allows us to identify which age groups are more likely to use credit cards to gamble. We found that it is the younger age groups who were more likely to state they sometimes, or usually, use a credit card to place bets or gamble, with substantially fewer people in older age groups doing so, see Table 1.



Table 1: How often, if ever, do you use a credit card to place bets or gamble? 2019, %

	Never	Sometimes	Usually
18-29	62	28	10
30-39	73	22	5
40-49	85	10	5
50-59	88	12	0
60-69	92	5	3
70+	95	3	2
Grand Total	82%	14%	4%

Source: ABA commissioned survey; Base: Gamblers

The consequences of increased debt

In their submissions, consumer groups and gambling reform groups, raised the inherent risks associated with gambling with credit cards, including losing all your assets and then quickly accumulating large sums of unsecured debt.

“The risks with credit card gambling are that it facilitates people losing money they do not have. People can lose everything they own to the online gambling businesses and then go further into debt through credit card gambling.” (Uniting Church).

The joint consumer submission from consumer organisations submitted that credit card debt can take a long time to repay and is costly:

“Minimum monthly payments on credit cards can mean that a debt can be very costly and take many years to repay. A debt-fuelled gambling binge therefore can result in years of financial detriment. For example, spending \$10,000 in a night of gambling could take 43 years and 11 months to repay and cost \$36,3324 if only making the minimum monthly repayments.”
(Consumer Advocates)

Consumer groups, academic submissions and ABA web survey responses repeatedly raised the issue that financial harm of losses from gambling is far greater when money is borrowed.

“The money must be repaid with interest and fees. For credit cards, the debt may take decades to repay. This can cause long-term detriment for both the person and their family. This debt stress can impact a person’s life in many areas, such as physical and emotional health, not just financially.” (Consumer Advocates)

Non-financial consequences of debt raised in the ABA website survey included mental health issues such as depression, anxiety and even suicide.

“My concern is that debt is incurred that cannot be paid off without (e)ffecting the day to day life of the person and/or family. The guilt on the gambling addict is huge and may then lead to depression and other mental health issues.” (ABA web survey)

“Uncontrollable debt, desperation, violence, hardship, family and friend impact, impact on community, suicide.” (ABA web survey)

A common perspective seen in the website survey responses was that, removing the option to gamble with credit cards, would mean less money available for problem gamblers to lose.

“People won’t lose as much money, which invariably they can’t afford to lose!” (ABA web survey)



Family and social harms

A recurring theme was that problems were not confined to the problem gamblers themselves, but the flow on effect to family and friends. For problem gamblers with families, there were links to child neglect, domestic violence, loss of family home as well as relationship and family breakdowns. Immediate family members could find themselves responsible for repaying a problem gambler's debts.

"Family members often experience adverse effects as a result of gambling-related debt. Their long-term financial wellbeing and standard of living may be reduced as a result of having to financially and emotionally support a gambler with debt." (Responsible Gambling Fund)

"...clients who are partners/family members of someone who gambles we have observed several financial and other impacts including relationship breakdowns with an increase of domestic violence, elder abuse and financial abuse." (Care Inc.)

A number of respondents, including the Salvation Army acknowledged many banks had measures in place to allow a person to voluntarily apply a block or limit on gambling transactions. Although a step in the right direction, these measures are not enough to address harm.

"Voluntary restrictions also do not take into account family dynamics, nor patterns of family violence and abuse... a person can accumulate a substantial debt in someone else's name." (Salvation Army)

Many web survey respondents suggested removing the option to gamble with credit cards would leave a problem gamblers' family in a better position as family members would not be taking on additional debt.

"Families have food on the table and bills paid." (ABA web survey)

"The person won't be able to put their family into debt." (ABA web survey)

"People share credit accounts with addicted gamblers will be able to sleep better at night knowing their credit is protected" (ABA web survey)

For some, the benefits of removing credit cards for gambling were not limited to only the individual and their family, but to society in general.

"Prohibit credit card use for gambling is good for society!!!" (ABA web survey)



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Reasons not to restrict or ban credit card use for gambling

There were seven submissions which argued for not having any restriction on credit cards. These were predominantly received from organisations closely involved with gambling, including online wagering companies, licensed clubs and their representative organisations. According to the YouGov survey, 7% of the Australian population hold the view that credit cards should be neither restricted nor banned for gambling.

Disadvantages of banning or restricting credit cards as a gambling payment method included:

- impinging on personal freedom
- punishing people who are not problem gamblers, but use credit cards to deposit funds in their wagering accounts for convenience
- encouraging people to use non-bank lenders or illegal offshore wagering companies, and
- not addressing the underlying issue of problem gambling.

Gambling companies are already required to take steps to reduce harm

Submissions from gambling companies and their representative organisations, bookmakers and registered clubs outlined the reforms already put in place to protect vulnerable customers under the *National Consumer Protection Framework for Online Wagering 2018* (Appendix 4 includes a summary of the framework) and arrangements to comply with the *Code of Practice for Responsible Service of Online Gambling 2019*.

Industry submissions argued that as part of their legal obligations to promote responsible gambling, they have improved training for staff to identify and support 'at risk' clients and introduced a range of sophisticated tools to help customers control their own gambling behaviour.

For example, gambling operators such as Tabcorp have developed customer care technologies and tools to gain a better understanding of gambling behaviour and to empower customer choice. Tabcorp argued it constantly updates its training, systems and processes to minimise harm from gambling. This necessarily includes gambling with credit cards (credit card 'bounces', for example are one of the data points already used for assessing cases).

GVC Australia, the company that owns Ladbrokes, Neds, Betstar and Bookmaker.com, said it implements a customer-orientated approach to recognise and assist problem gamblers, including specially trained staff being available seven days per week, algorithms to identify problem gamblers, online tools for customers and a range of harm-reduction strategies such as the ability to set a deposit limit, or 'take a break' options.

The Responsible Wagering Australia (RWA) submission stated their members are "unaware of any evidence which establishes a link between 'at risk' customers and the use of credit cards," and that customers who use credit cards tend to be middle-aged or older, with more established gambling behaviours, and do so for simple convenience.

"[These customers] are also more likely to proactively engage with tools to assist them to remain in control of their own gambling behaviour, for example by setting a deposit limit, and are less likely to need to be excluded from wagering services (either through self-exclusion or exclusion by an operator)". (Responsible Wagering Australia)

In its submission, Betfair describes how, as a betting exchange, its business model is different to other gambling companies. Their revenue derives from commission charged on a customer's net winnings (not losses), so they are incentivised to maximise the win rate of its customers. Betfair argued its most successful customers often use credit cards to transfer money and that customers are blocked from using credit cards on illegal offshore wagering operators.



Does not solve the underlying addiction

While restricting or banning the use of credit cards for gambling is expected to reduce consumer harm, some submissions and feedback from the website survey, argued that banning the use of credit cards does not address the underlying gambling addiction, will not reduce the risk of problem gambling, and in some circumstances may cause more harm as gamblers move to illegal offshore gambling websites.

Gambling industry submissions also raised the issue of reduced consumer protection as consumers could use alternative and unregulated providers of credit. Their view was, that some clients could be more at risk, as restricting or banning credit cards would encourage them to use non-bank lenders, illegal lenders, or illegal offshore wagering companies. As well as these concerns, responses from the website survey also raised the possibility of problem gamblers acquiring money through crime or from other potentially harmful activities.

Some consumer groups and website survey respondents acknowledged that people who wanted to gamble could still "spend money they don't have" by acquiring loans and, that some forms of credit may be acquired illegally or through unregulated sources of credit. Some of these responses advocated restricting, rather than banning, credit cards for gambling. Often these responses came from people who answered that gambling with credit cards should be restricted, rather than prohibited.

"People may use illegitimate or illegal means to access credit to then gamble." (ABA web survey)

"Customers turn to loan sharks with easy cash access and higher interest rate, we could create more demand for illegal lending" (ABA web survey)

These concerns may be warranted, the Gambling Treatment & Research Centre noted a 2011 study finding that 15% of participants accessed small amount credit contracts (SACCs) for gambling. "Some non-bank lenders, such as payday lenders and pawnbrokers, may have inadequate consumer protection safeguards in place, such as comprehensive credit history checks and risk assessments taking gambling problems into account. Given the fees and interest rates charged by such lenders are typically very high, it is plausible that increased borrowing from these sources may exacerbate financial problems," (Gambling Treatment & Research Centre).

The Responsible Gambling Fund, NSW Office of Responsible Gambling argued that despite the concern raised about bans on credit cards, international research indicates that although 8% of high-risk credit gamblers would consider using payday or unsecured loans, a majority (50%) of high-risk credit card gamblers indicated they would either stop gambling or would otherwise use their own available funds if they were unable to use credit cards (UK Gambling Commission, 2020).

Online gambling operators also raised concerns that prohibiting them from accepting credit card payments would only apply to gambling sites operating under Australian regulations and would not prevent credit cards being accepted by unregulated offshore gambling sites¹⁶.

Limitations on freedom

Other reasons given by some website survey respondents advocating permitting credit cards for gambling, included freedom of choice and a disregard for perceived paternalism of the 'anti-gambling lobby'.

"I should be able to use my credit card and funds as I see fit." (ABA web survey)

However, for those respondents supporting the banning of credit cards while also acknowledging limitations on freedom, credit card restrictions were considered a worthwhile sacrifice.

"It does also curtail civil liberties, but the greater good of protecting those who cannot afford the betting and the consequence harm to people close to them outweighs the loss of that right." (ABA web survey)

¹⁶ Note, the merchant category code would be blocked regardless of where the business is located.



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RWA estimated that approximately 20 per cent of deposits into wagering accounts are transacted by credit card. Customer research referenced by one RWA member indicated that one in four customers who use a credit card to deposit into wagering accounts would switch to an alternative financial institution if their current provider prohibited the use of credit cards for gambling transactions.

Removal of credit cards for gambling does not remove the ability to gamble altogether. An alternative view put forward by Gambling Treatment and Research Clinic, The University of Sydney, is that there are multiple alternative payment options available that minimise the risks associated with gambling for consumers, meaning a prohibition approach would not unnecessarily impinge on the rights of the general population.

Flow on effects of decreased gambling revenue

Several respondents noted the online gambling industry would be impacted by restrictions on the use of credit cards to gamble. In its submission, Tabcorp estimated a ban would reduce distributions to the Australian racing industry of over \$10 million per year and would reduce the gambling taxes collected by state / territory governments by between \$56 million to \$141 million per year.

In other submissions, gambling companies argued other potential financial consequences would include a reduction in sports revenue paid by wagering companies to sports, in addition to the reduced tax and GST revenue.

A consequence, commonly raised in the website survey, was the reduction of profits for gambling venues and a reduction in tax income for government. Whether this was a positive or negative consequence depended on the personal views of the respondent.

“Loss of jobs in the gambling industry!” (ABA web survey)

“It will reduce Governments' income - but this would be countered to some extent by a longer-term reduction of Government expenditure on addressing and remedying the social and personal harm caused by the gambling.” (ABA web survey)

The Australian Bookmakers Association argued that any restriction could disproportionately affect their regional members:

“advent of a restriction on the use of credit card deposits for gambling by account holders with our metropolitan and provincial bookmakers, who would hold the majority of accounts, could therefore represent an unfair restriction of trade in comparison with their country colleagues.” (Australian Bookmakers Association)

The potential loss of bank revenue was also raised in the website survey; however, this was countered by the view that banks would be better off as a result of no longer carrying ‘bad debt’.

“Potentially less financial return for banks through lower credit card charges / fees in relation to gambling.” (ABA web survey)

“[It would] safeguard banks from loss due to customers inability to pay credit debt.” (ABA web survey)

Potential impact on newsagents and lottery charities

An argument made against restricting credit cards for gambling, was that some industries whose primary purpose was not gambling would be impacted. The reasoning behind this was that terminals used by newsagents selling lottery tickets, and registered charities that fundraise through raffles and art unions may be captured under the gambling merchant codes.

Financial institutions restricting the use of credit cards for gambling do so by prohibiting payments made to gambling merchant category codes (MCC)¹⁷, based on their primary type of business. Currently only a small percentage of newsagents are captured by the gambling code MCC 7995 - Betting, including lottery tickets, casino chips, off track betting, and wagers at racetracks. A newsagent would only be

¹⁷ Appendix 5: Merchant Category Codes



using the MCC 7995 if lottery sales represented the primary nature of their business (e.g. more than 50 per cent of their sales) or if there was a dedicated terminal for lottery sales.

Figures supplied by one provider of merchant facilities to newsagents, indicated this represents less than one per cent of newsagents. However, Tabcorp estimated that a ban could reduce the incomes of lottery agents and newsagents by between \$17 million and \$44 million per year¹⁸.

Tabcorp, Lottery West, the Australian Lottery and Newsagents Association (ALNA) and some registered lottery charities (for example fund raisers for hospitals and medical research) submitted that as lottery products cause minimal harm, they should be excluded if an individual bank does decide to restrict or prohibit the use of credit cards for gambling transactions. According to Tabcorp's internal research, 37 per cent of retail lottery customers said they would probably purchase less if they could no longer use their credit card.

Some countries use a merchant code for government owned lotteries who sell lottery tickets, MCC 9406 Government-Owned Lottery Non-US region. The merchant code is used in Brazil, Norway, Poland, Sweden, and Canada and might be appropriate for use by government owned and operated lotteries in Australia such as Lottery West. Both card schemes (Visa and Mastercard) would need to recognise the merchant code for it to be used on Australian payment networks.

In the UK, where lottery products sold in retail outlets are excluded from the recent reforms banning merchants from accepting credit cards payments, lotteries' are considered low-risk and a ban would impose an unrealistic burden on small businesses operating throughout the country.

Registered charities selling lottery tickets as part of their fundraising activities said that applying a credit card block would significantly impact sales, with one charity indicating 94 per cent of their tickets were purchased using credit cards. Further assessment is needed to understand the number of ACNC Registered Charity lotteries classified with a gambling merchant code (MCC 7995).

Consumer advocates, included in the joint consumer organisation submission, believe the ban should apply to all forms of gambling. They argue that exempting some forms of gambling would create loopholes and market distortions; and that all gambling is, by definition, risky and likely to cause losses. They do not support the UK exemption, of "lotteries for good causes" as large sums of money can still be spent on systems entries.

Consistent with the assessment of all the issues raised in this paper, each bank would need to consider their own approach to lotteries and fundraising raffles and any subsequent guidance to charities and newsagents.

Whether there should be a transition period

Gambling is a legal and regulated activity in Australia. If a bank were to change how their credit cards could be used for gambling, a short transition period may help increase customer awareness about needing to switch to alternative payment methods for future gambling transactions, potentially lessening the negative impact on revenue for market operators.

A transition period would give online gambling companies time to advise their customers of the need to transition to other payments methods, like a debit card. Debit cards are already used as a payment method by many people with online gambling accounts.

In the UK, the Gambling Commission has allowed a transition period of three months before the prohibition takes effect.

Most respondents to the ABA online survey were in favour of a transition period of 3-6 months, supported by an information campaign to explain the change. This campaign could also include information about the national gamblers help line and other available support services and resources. Gambling companies supported a longer transition period (1-2 years) and some consumer advocates supported an even shorter transition period.

¹⁸Tabcorp internal research.



Other issues to consider

Issues that require further consideration by financial organisations and government are described below.

Use of debit cards for large transfers of funds

Consumer advocates argue that people transferring large amounts of their own money is equally, if not more, harmful. They submit that, at present, the amount a customer can transfer to a wagering operator from a debit card is unlimited, in contrast to other types of transfers. They argue it is contrary to community expectations that a person can transfer a large sum of money late at night to a sports betting account without any checks. These groups submit that safeguards and limits should be considered. If ordinarily, there is a pre-set daily limit on the amount that can be transferred from a bank account to 'pay anyone' the same monetary limits should apply to scheme debit card transfers.

Use of E-wallets

Consumer advocates strongly supported a prohibition on the use of credit cards, including transferring funds via e-wallets and PayPal, for gambling. The UK Gambling Commission has banned gambling companies from accepting payments made by credit card via a money service business, such as e-wallets (e.g., PayPal). Banks are not able to block transfers from e-wallets or PayPal. Blocking payments from these merchants would require regulatory intervention by government/s.

Social Casino (games on Facebook etc)

Consumer advocates submitted that the banking industry should also include merchant codes for social casino gaming and other forms of online gaming in the 'restricted use' category, as these games can be highly addictive.

Consumer advocates also suggested restricting the use of credit cards to buy gambling-related items (such as 'loot boxes') within online games, as these can easily be purchased by children under 18 years.

Gaming as gambling

Consumer advocates and academic researchers highlighted that gaming can be akin to gambling when the tools are poker or electronic gaming machine-like games. Accessed using iTunes, Apple Pay, Google Pay and other tools, from a bank's perspective they do not look like gambling transactions. These alternative payment methods should be considered.

Potential adverse impacts of consumer credit products provided by non-traditional lenders.

Several submissions raised concerns about other providers of credit, those outside the banking system. They suggested governments should consider the potentially adverse impact of these consumer credit products on people experiencing gambling problems and address gaps in existing consumer credit legislation, to make sure appropriate safeguards are put in place by non-traditional and emerging lenders.

Additional measures financial institutions could implement to reduce harm from gambling

Respondents acknowledged that many banks had introduced measures to allow a person to voluntarily apply a block or limit on gambling transactions; this was an important step towards reducing harm. Measures that all banks should consider include:

- formally including problem gambling in credit risk assessments made by financial institutions
- enabling customers to block or limit their spending on gambling products on debit cards
- requiring new customers to 'opt in' (as opposed to 'opt out') to spending on products like gambling through non-credit transaction products



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- imposing system frictions, such as a time delay on removing self-exclusion blocks which might include having to contact a call centre during business hours, so giving people time to reflect on their decisions and minimise the harm of impulsive decisions
- providing referrals to specialised gambling and/or financial counselling services
- putting in place a range of preventative measures, such as setting monetary limits on gambling-related transactions, tailored to customers detected as spending money on gambling. Proactive strategies, such as customer care calls may be beneficial to those displaying risky gambling and/or borrowing patterns. The effectiveness of these strategies should be evaluated in collaboration with researchers
- developing protocols, such as not providing credit limit increases to customers admitting to experiencing gambling problems.



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Appendix 1 – Surveys and methodologies

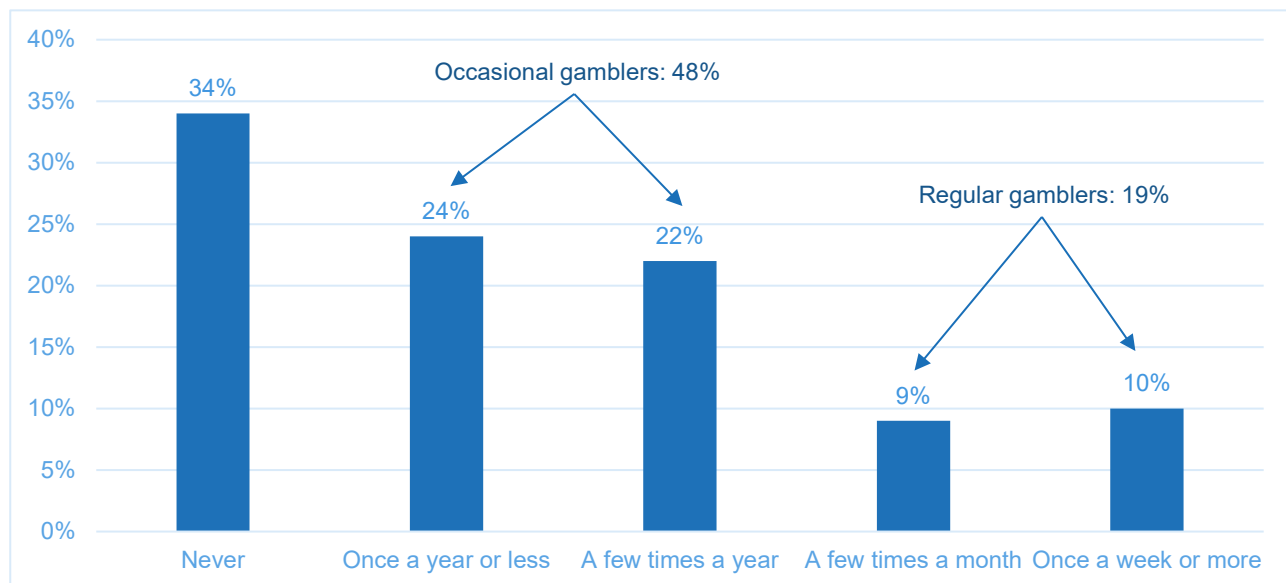
In 2019-20 the ABA conducted two surveys to understand how the Australian community perceives restrictions on credit cards for gambling. The first was a telephone survey conducted between 14-20 November 2019 by an independent market research company, YouGov. The study included a representative sample of 1,007 Australians aged 18 and over (**YouGov survey**).

The website survey (**ABA website survey**) was open to anyone and received a total of 813 responses. The distribution of respondents was representative of the Australian gender profile (49% women and 51% men responded) however it was strongly skewed towards an older age group: 61% of responses identified themselves as over 60, when this age group represents only 21% of the Australian population¹⁹.

YouGov survey

According to the YouGov survey, around one third (34%) of Australians say they never gamble and half (46%) say their gambling is confined to a few times a year or less. For those who gamble more regularly, 9% say they do so a few times a month and 10% say they do so once a week or more, we define this 19% as 'regular gamblers'.

Figure 1: How often, if ever, do you place bets or gamble, 2019, %



Source: YouGov survey for ABA, 2019; Base: All Australians

Regular gamblers are more likely to be men (29% compared to 12% of women) and less likely to be employed part-time (12%) as compared to full-time or (23%) or not working (21%). Regular gamblers are equally prevalent across age groups, education levels and geographical areas.

Of those who gamble, around half say they sometimes (28%) or usually (17%) gamble using a website or other online tool such as a phone app. Regular gamblers are much more likely to use an online tool to gamble than occasional gamblers (39% compared to 8%). It is also more common among younger people, with 22% of people 18-29 saying they usually place bets or gambling online.

Using a credit card to gamble is fairly common, with people who gamble saying they sometimes (14%) or usually (4%) use a credit card to do so. Using credit cards to gamble is concentrated among the following people: 32% of regular gamblers say they sometimes or usually use a credit card to gamble, as compared to 12% of occasional gamblers. It is also more prevalent among younger people, with 38% of 18-29-year olds stating they sometimes or ever do so.

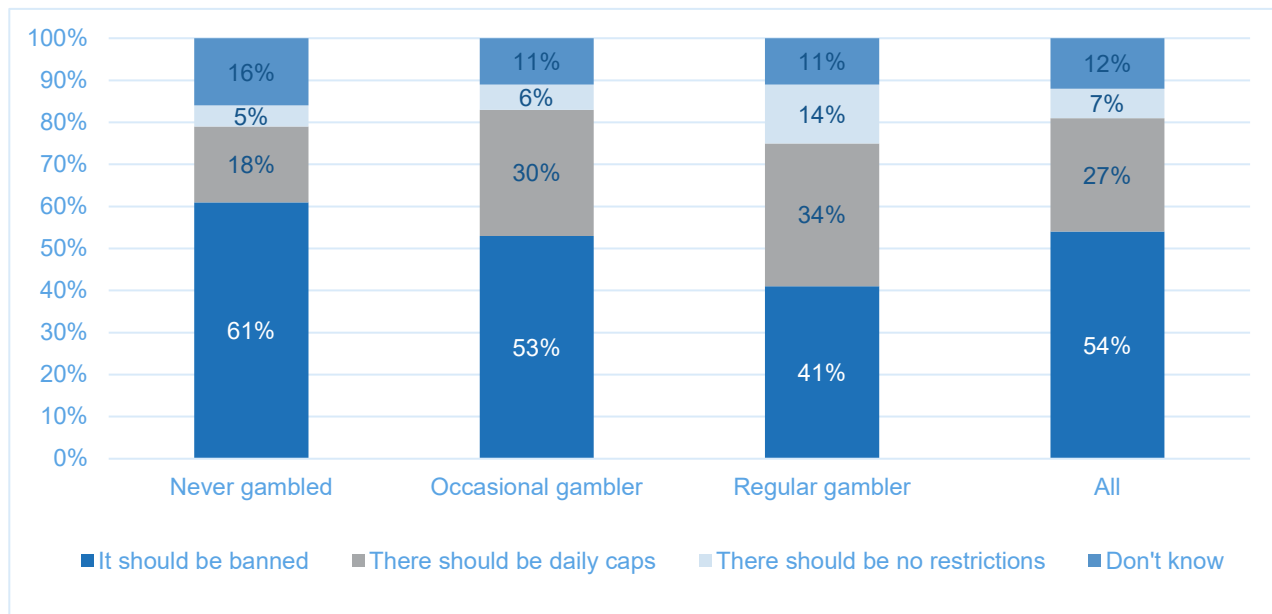
¹⁹ ABS, Australian Demographic Statistics, Cat. No. 3101.0, September 2019.



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The majority (81%) of Australians believe there should be restrictions on using credit cards for gambling, with over half (54%) stating their use should be banned altogether. Only 7% of respondents stated there should be no restrictions. The view for banning the use of credit cards is more prevalent among people who have never gambled (61%) than occasional gamblers (53%) and regular gamblers (41%). The view that there should be no restrictions is most common amongst regular gamblers (14%) and those who say they use a credit card to gamble (21%).

Figure 2: What is close to your own view about the use of credit cards to place bets or gamble, 2019 %



Source: YouGov survey for ABA, 2019; Base: All respondents

ABA website survey

To understand the Australians public's views on the use of credit cards for gambling, the ABA placed a short survey on the ABA website from 5 December 2019 to 5 March 2020. It was open to anyone to complete and had a total of 813 responses. The majority of respondents to the ABA's survey stated that gambling on credit cards should be prohibited (90%) or restricted (9%).

Table 2: Whether gambling on credit cards should be allowed, 2020, %

Access level	
Allowed	1%
Prohibited	90%
Restricted	9%
Grand Total	100%

Source: ABA survey; Base: All respondents

There were mixed views as to whether there should be transition period, with one in ten responding that they didn't know. The majority, (around two thirds) believe there should not be a transition period. This was strongest amongst those who want gambling on credit cards prohibited (66%).



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Table 3: Whether there should be a transition period for any changes, 2020, %

Access level	Don't know	No	Yes	Grand Total
Allowed	11%	11%	78%	100%
Prohibited	9%	66%	24%	100%
Restricted	9%	33%	58%	100%
Grand Total	9%	63%	28%	100%

Source: ABA survey; Base: All respondents

Other than the small group who want to allow gambling on credit, the vast majority of people want any changes applied to all forms of gambling. Nearly every respondent (99%) who wanted gambling on credit prohibited also wanted it applied to all gambling. The total proportion of all respondents who wanted it applied to all forms of gambling was an overwhelming 97%. Note, lotteries were not specifically identified as being included.

Table 4: Whether changes should apply to all form of gambling, 2020, %

Access level	Don't know	No	Yes	Grand Total
Allowed	22%	44%	33%	100%
Prohibited	0%	1%	99%	100%
Restricted	4%	9%	87%	100%
Grand Total	1%	2%	97%	100%

Source: ABA survey; Base: All respondents

Sample bias

There is likely to be a sample bias present in the ABA website survey, whereby people who felt strongly about the topic were more likely to complete it. Consequently, when reading the findings from the website survey they should not be considered representative of the Australian population, but rather as a subset of Australians with strong attitudes towards gambling and/or using credit to gamble.

This sample bias does not undermine the findings of the research, rather it provides an opportunity to explore the risks and consequences of problem gambling to individuals, their family and friends, and to the community and how using credit cards can exacerbate these risks.

As will be seen, most respondents (99%) to the website survey expressed an explicit preference for credit cards to be banned or restricted for gambling. This is higher than was found in the YouGov survey where 81% of Australians reported a preference for credit cards to be banned or restricted for gambling. Consequently, the qualitative findings from the website survey overwhelmingly reflect perceived risks associated with both gambling in general, and with credit cards in particular.

Further, many respondents reported having direct or indirect experience of problem gambling. Direct experience of problem gambling was reported by people who had a problem themselves, or had a family member, who had a problem gambling. Other respondents with direct experience were professionals involved in assisting people in hardship or in need of care, such as social workers, or pastoral carers.

Indirect experience of problem gambling was expressed by those who, although not personally impacted by problem gambling were witness to it. For example, they may have worked in gambling venues such as casinos, or pubs with pokies. Other respondents described behaviours they had seen exhibited by members of their local community.



Appendix 2 – List of submissions received

As at 9 March 2020. The ABA has treated all submissions as confidential. Organisations are welcome to publish their own submissions.

Name of submission	Sector	Industry	Reference (for report)
Individual	General public	-	Anonymous 1
Individual	General public	-	Anonymous 2
Individual	General public	-	Anonymous 3
Individual	General public	-	Anonymous 4
Individual	General public	-	Anonymous 5
Individual	General public	-	Anonymous 6
Individual	General public	-	Anonymous 7
Individual, Gambling Counsellor	General public	Counselling	Anonymous - Gambling counsellor
813 responses to the ABA website survey	General public		ABA web survey
Australian Bookmakers Association	Industry association	Gambling	Australian Bookmakers Association
GVC Australia (Ladbrokes, Neds, Betstar, Bookmaker.com)	Industry association	Gambling	GVC Australia
Responsible Wagering Australia (RWA) - peak body representing the Australian online wagering industry including Bet365, Bet Easy, SportsBet, Bet Fair, UniBet and GVC (Ladbrokes, Neds, Betstar, Bookmaker.com)	Industry association	Gambling	RWA
Australian Finance Industry Association (AFIA)	Industry Association	Financial services	Australian Finance Industry Association
Australian Lottery and Newsagents Association (ALNA)	Industry association	Retail	Australian Lottery and Newsagents Association
Racing Victoria	Industry association	Gambling	Racing Victoria



Name of submission	Sector	Industry	Reference (for report)
Community Clubs Victoria (CCV)	Private	Gambling	Community Clubs Victoria
Betfair	Private	Gambling	Betfair
Wyndham City Council	Public	Local government	Wyndham City Council
City of Whittlesea	Public	Local government	City of Whittlesea
Victorian Local Government Association (VLGA)	Public	Local government	Victorian Local Government Association
National Legal Aid	Public	Legal	National Legal Aid
Victorian Responsible Gambling Foundation	Public	Gambling	Victorian Responsible Gambling Foundation
Lottery West (West Australian Lotteries Commission. Funds hospitals and community services)	Statutory authority	Gambling	Lottery West
Australian Communications and Media Authority	Regulator	Communications and media	Confidential submission (not referenced)
Australian Securities and Investments Commission (ASIC)	Regulator	Financial services	Australian Securities and Investments Commission
Australian Financial Complaints Authority (AFCA) – discussion only	Regulator	Financial services	Australian Financial Complaints Authority
Experimental Gambling Research Laboratory Health, Medical and Applied Sciences CQ University Australia* (note confidential – includes unpublished research)	Academic / research	Gambling	Experimental Gambling Research Laboratory
Gambling Treatment & Research Centre, The University of Sydney	Academic / research	Gambling	Gambling Treatment & Research Centre
Australian Gambling Research Centre, Australian Institute of Family Studies	Academic / research	Gambling	Australian Gambling Research Centre
Dr Jane Oakes, Jane Cocks, Professor Sharon Lawn, Professor Paul Delfabbro, Louise Kelly, Trish Parsons, Dr Quentin Black	Academic / research	Gambling	Academic consortium



Name of submission	Sector	Industry	Reference (for report)
Responsible Gambling Fund Trust, NSW Office of Responsible Gambling, Liquor, Gaming & Racing NSW Department of Customer Service	Public sector	Gambling	Responsible Gambling NSW
Australian Vietnamese Women's Association	NGO	Community	Australian Vietnamese Women's Association
Connect health and community - Victoria	NGO	Community	Connect health and community
Care Inc Financial Counselling Service and the Consumer Law Centre of the ACT	NGO	Financial counselling	Care Inc
Lived Experience Australia (mental health consumer network)	NGO	Mental health	Lived Experience Australia
The Hospital Research Foundation – hospital charity	NGO	Charity	The Hospital Research Foundation
The Royal Melbourne Hospital – hospital charity	NGO	Charity	The Royal Melbourne Hospital
The Salvation Army	NGO	Financial counselling	The Salvation Army
Alliance for Gambling Reform	NGO	Gambling	Alliance for Gambling Reform
Synod of Victoria and Tasmania, Uniting Church in Australia	NGO	Financial counselling	Uniting Church in Australia
Consumer Advocate Joint Submission - Financial Counselling Australia (FCA), Consumer Action Law Centre (CALC), Financial Rights and CCLSWA.	NGO	Consumer advocacy / financial counselling	Consumer Advocates



Appendix 3: State and territory approaches to land-based gambling

Between 2001 and 2003 all Australian States and Territories have banned the use of credit in gambling venues.

State	Policy
Victoria	A venue operator must not allow a person to obtain from a cash facility in the approved venue or a cash advance from a credit account. ²⁰
Queensland	All automatic teller machines installed in the licensee's licensed premises are available only for the use of debit cards. ²¹
New South Wales	A hotelier or club must not permit a cash dispensing facility to be used or to be installed or located in any part of the hotel or club premises if the facility is capable of providing cash from a credit card account. ²²
Northern Territory	ATM and EFTPOS Facilities will have access only to debit accounts; access to credit accounts will not be permitted. ²³
Tasmania	A casino operator must not allow a person to obtain, from a cash facility, a cash advance from a credit account. ²⁴
South Australia	The holder of a gaming machine licence must not provide, or allow another person to provide, a cash facility within a gaming area on the licensed premises. ²⁵
Australian Capital Territory	A hotelier or club must not permit a cash dispensing facility to be used or to be installed or located in any part of the hotel or club premises if the facility is capable of providing cash from a credit card account. ²⁶
Western Australia	In the gaming areas of the Casino EFTPOS is only to be used to access savings or cheque (not credit) accounts in accordance with relevant legislative and regulatory requirements, and subject to transaction limits. ²⁷

²⁰ Victoria: Gambling Regulation Act 2003 & <https://www.vcqlr.vic.gov.au/news/access-cash-gaming-venues-changes-now-effect>

²¹ Gaming Machine Regulation 2002 & <https://www.publications.qld.gov.au/dataset/202496ee-ba88-479a-9c8e-7dc765133f21/resource/dece28ad-7bdd-4ecd-8ad7-b1af7d5e84ac/download/qld-responsible-gambling-resource-manual-hotels.pdf>

²² Gaming Machines Act 2001.

²³ Northern Territory Code of Practice for Responsible Gaming.

²⁴ Responsible Gambling Mandatory Code of Practice for Tasmania &

<https://www.treasury.tas.gov.au/Documents/Responsible%20Gambling%20Mandatory%20Code%20of%20Practice%20for%20Tasmania.PDF>

²⁵ Gaming Machines Act 1992

²⁶ Gaming Machines Act 2001.

²⁷ Crown Perth Code of Conduct (gaming machines are only available in the Casino).



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Appendix 4: National Consumer Protection Framework for Online Wagering



Australian Government
Department of Social Services



National Consumer Protection Framework for Online Wagering

Australians participating in online wagering will be better protected by a series of strong, nationally consistent consumer protection measures.

A new National Framework

The Commonwealth and state and territory governments have developed a set of standard minimum protections for online gamblers, which must be adhered to by all online wagering providers.

Currently, there are an estimated one million Australians actively using online wagering accounts.

The rate of problem gambling online is triple that of gambling on other traditional platforms. More than 240,000 individuals are at-risk of or already experiencing significant harm caused by online gambling.

A suite of consumer protection measures make up the new National Consumer Protection Framework for online wagering. These will be implemented through a mix of Commonwealth, state and territory legislation and regulation, which will align with current regulatory responsibilities.

The measures provide consistent, easy-to-use tools and information for all Australians — no matter where they live — to help them better control their gambling.

Measures to reduce harm

The National Framework will introduce 10 measures to protect consumers. These measures will be enforced across all Australian jurisdictions.

1. Prohibition of lines of credit

Since February 2018, online wagering service providers have been prohibited from offering or providing credit to people who gamble on their site or app (with limited exemptions). This measure addresses the conflict of interest in online wagering providers effectively acting like a bank to offer lines of credit. For more information, visit the [ACMA website](#).

2. Payday lenders

Since February 2018, the use of small amount credit contracts, also known as payday lending, for online wagering has been restricted to better protect consumers. This measure stops wagering service providers from advertising payday loans. Potential connections between online wagering customers and credit providers are also restricted, as customers cannot be referred to a payday lender, nor can customer information be given to payday lenders. For more information, visit the [ACMA website](#).

3. Customer verification

Online wagering providers will have to verify their customers' identity within 14 days of their registration, instead of the current 90 days. The reduced timeframe for customer verification will help to ensure underage and self-excluded customers, and those operating under assumed names, do not access online wagering.



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4. Restrictions on inducements

Online wagering providers will be prohibited from offering any credit, voucher, reward, or other benefit as an incentive to open an account or to refer another person to open an account. This measure is designed to protect consumers from incentive-based marketing and strengthen standards for direct marketing. It also includes preventing turnover requirements to withdrawing winnings from complementary betting credits or tokens.

5. Account closure

Online wagering providers will have to give their Australian customers a simple, easy-to-find, and readily accessible way of closing or cancelling their online wagering account. Providers will be required to prominently display account closure information, and ensure customers can close an account in the same channel as they bet. The account closure process must start as soon as the request is received, and consumers cannot be enticed to keep an account open.

6. Voluntary opt-out pre-commitment scheme

Consumers will be able to easily monitor and manage their gambling, by setting deposit limits before they start gambling. Customers will be given a tool to pre-commit to their own limits, which cannot be increased on the spot, as part of a voluntary opt-out pre-commitment scheme. Every online wagering provider will be required to offer deposit limits to their Australian customers. This measure will be further refined through trialling and testing.

7. Activity statements

Online wagering providers will be required to send consumers meaningful activity statements so that they can easily track and monitor their online wagering spending and behaviour. Activity statements will increase consumers' awareness of their spending, wins, and losses. The use of activity statements will be trialled over 12 months before full implementation, to ensure the design of activity statements meets user needs.

8. Consistent gambling messaging

Online wagering providers will all have to use the same messaging about the risks and potential harm of gambling in their advertising, direct marketing, websites, and other direct communications to their customers. This will help to avoid inconsistent or ineffective messages about responsible gambling, and make sure messages reach people as they are making gambling decisions. The evidence-based, consistent messaging will be extensively trialled and user-tested.

9. Staff training

Staff involved in providing online wagering services, or with the capacity to influence the service, will be trained in the responsible service of online wagering. This will help to reduce harm by creating a culture of responsible gambling within wagering organisations nationally.

10. National self-exclusion register

Those experiencing gambling harm will be able to exclude themselves from all interactive wagering services via a simple online registration process, meeting a critical gap in consumer protections in Australia.

When will the measures be implemented?

Beginning from 26 November 2018, the measures within the National Framework will be implemented progressively over 18 months. Some measures are already in place through the Commonwealth's *Interactive Gambling Amendment Act 2017*.

Commonwealth, state and territory governments are committed to working together to ensure these measures provide the greatest protection for Australians who gamble online. During the implementation process, governments will monitor the measures and continue to build on and refine them in line with the latest evidence.

More information

For more information about these measures and other Department of Social Services' gambling reform, visit [Department of Social Services](http://www.dss.gov.au) website.

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Appendix 5: Where credit cards can be used for gambling

	Current state (based on current regulatory requirements)
Online and betting apps (facilitated by Tabcorp and Responsible Wagering Australia members)	Credit cards – Yes In February 2018 the Federal Government prohibited online gambling operators from offering credit to gamblers as part of the National Consumer Protection Framework for Online Wagering
Poker machines (in clubs and licensed venues)	No credit cards or access to cash advances through ATMS in gambling areas (see appendix 1 for details)
Casinos	No
High roller rooms in casinos	Casinos extend lines of credit from their own credit facilities to their customers in VIP rooms, but they do not provide credit cards in those areas
On-track – horse racing and greyhound racing	No credit cards or access to cash advances through ATMS in venue
Lottery tickets/online and in-venue	Credit cards – Yes
TAB outlets	Credit cards – No

Appendix 6: Merchant Category Codes

Financial institutions that restrict the use of credit cards for gambling do so by prohibiting payments made to gambling merchant category codes (MCC), a standardised four-digit classification allocated to merchant based on their primary business type.

Relevant merchant category codes referenced in this report:

MCC 7995 - Betting, including lottery tickets, casino chips, off track betting, and wagers at racetracks, if lottery sales represent the primary nature of their business

MCC 5994 News dealers & newsstands

MCC 9406 Government-Owned Lottery Non-US region (not currently used in Australia)