

Commission on Crime and Problem Gambling

Gambling Commission briefing January 2020

1 Executive summary

1.1 As the gambling regulator for Great Britain, two of our licensing objectives are particularly relevant for the Commission on Crime and Problem Gambling:

- preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.

- protecting children and other vulnerable persons from being harmed or exploited by gambling.

1.2 In April 2019 we published the National Strategy to Reduce Gambling Harms, following significant engagement and consultation with a range of stakeholders. The sole aim of this three-year National Strategy is to move faster and go further to reduce gambling harms.¹ The National Strategy highlighted the need for further work to develop the framework for measuring gambling related harms as an urgent priority.² The Commission has since published a scoping review of how measurement of harms could progress and we are working with a range of public bodies to identify appropriate routes for commissioning and funding further work, including a longitudinal study,³ Alongside the wider programme of work by government and the public sector, and this work to progress the measurement of harm, we hope that the Howard League's review will help improve our collective understanding and evidence base and inform further preventative action.

1.3 The National Strategy recognises gambling-related harms can be experienced by a wider range of people than just those identified by screening tools as 'problem gamblers'. We need to move away from solely counting problem gamblers towards understanding the harms that are being experienced and ensure widespread adoption of measures that work to protect against those harms. We are therefore concerned with all gambling-related crime and its impact on society; not just the links between crime and problem gambling. We recommend that the review considers taking account of this in its work, otherwise too narrow an approach may be taken.

1.4 The National Strategy to Reduce Gambling Harms is clear that a collective effort is needed by all stakeholders to reduce gambling harms – part of which is gambling-related crime. This includes the Howard League and the work of the Commission on Crime and Problem Gambling. We will need to gather new datasets and indicators of success. We will need to increase public understanding of the risks associated with gambling and how to protect against them individually, as families and as a society. However, that does not mean that we should wait before we take action. Significant progress can be and is being made now. The Commission will help to drive this by using our regulatory powers to the full, and by working in partnership with a wide range of stakeholders.

¹ [National Strategy to Reduce Gambling Harms](#), Gambling Commission, 2019.

² [Measuring Gambling-related harm – a framework for action](#), Wardle, Reith, Best, McDaid and Platt, 2018

³ [Longitudinal Study of Gambling – Consultation and Scoping Review](#), NatCen 2019

- 1.5** In this response we have aimed to provide a selection of data and information held by the Gambling Commission and drawing on the following evidence base:
- Our own data on gambling participation and prevalence of problem gambling including consumer attitudes towards gambling
 - Input from the Advisory Board for Safer Gambling (ABSG), our expert advisers on gambling-related harm
 - Enforcement cases and intelligence reports
- 1.6** Inevitably, in attempting to provide a brief summary, much detail has been omitted from this response and we will be very happy to work with you to provide a wider range of data and evidence as your work progresses.
- 1.7** We have focused on the following topics:
- Public perception of gambling-related crime
 - Crime committed to fund gambling
 - Underage gambling
 - Match-fixing/spot fixing
 - Money laundering and terrorist financing
 - Domestic abuse
- 1.8** This response also recognises gaps in the evidence and calls for the Howard League's review to:
- Recognise that gambling harms are wider than just those linked to problem gambling.
 - Help the wide range of partners under the National Strategy improve understanding of and evidence on the links between crime and gambling harms in order to help inform and progress work on the harms framework and preventative action
 - Provide evidence to develop better prevention approaches for those in the Criminal Justice System. This would include providing recommendations for better pathways to treatment and support as an alternative to sentencing and whilst being subject to custodial sentences. It could also include support for families.
 - Include the lived experience voice to inform the review.

2 Introduction

Gambling Commission

- 2.1** The Gambling Commission regulates commercial gambling in Great Britain and the National Lottery. Our mission is to permit gambling in so far as the Commission thinks it reasonably consistent with pursuit of the licensing objectives.
- 2.2** As the gambling regulator for Great Britain, there are three main pieces of legislation that underpin our work:
- the Gambling Act 2005 which gives us the authority and duty to regulate commercial gambling in Britain in partnership with licensing authorities
 - the Gambling (Licensing and Advertising) Act 2014 which requires any operator wishing to transact with consumers in Britain to obtain an operating licence from the Gambling Commission
 - the National Lottery etc. Act 1993 which sets out the framework within which we regulate the National Lottery.

2.3 In exercising our functions under the Act, the Commission has a statutory duty to aim to permit gambling, in so far as we think it reasonably consistent with pursuit of the licensing objectives. The licensing objectives are:

- prevent gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime
- ensure that gambling is conducted in a fair and open way
- protect children and other vulnerable persons from being harmed or exploited by gambling.

2.3 Tackling gambling-related crime is a key-theme in our corporate strategy⁴ and it cuts across our five strategic priorities:

- Protect the interests of consumers
- Prevent harm to consumers and the public
- Raise standards in the gambling market
- Optimise returns to good causes from lotteries
- Improve the way we regulate

2.4 We want to ensure that individual consumers are protected from crime (for example, from match-fixing, cheating and related crimes such as identity theft). We also want to prevent the profound harm that gambling can cause to individuals, families, communities and society more generally. Both goals require a raising of standards in gambling businesses to ensure protections and controls are in place to properly manage and minimise the impacts of gambling-related crime.

2.5 Preventing harm is a key priority for the Gambling Commission. The National Strategy recognises that this will require better measurement and evidence on gambling-related harms. A key milestone towards this goal was the publication of a paper: *Measuring Gambling-related harm – a framework for action*⁵ which identified over 50 metrics of gambling-related harm including crime, as well as the scoping review on how this could be taken forward⁶

3 Factual information for consideration

Perceptions of gambling related crime

3.1 We are committed to protecting the interests of consumers and preventing harm to players and the public. To support these priorities, we track public perceptions of gambling-related crime. Our most recent surveys indicate that 38% of people in Great Britain agree with the statement that gambling is associated with criminal activity⁷ - a figure which has remained broadly stable over the last ten years.

3.2 Respondents who agree that gambling is associated with crime are also asked which crimes they associate with gambling. In 2018, most respondents mentioned theft for the purpose of continuing to gamble (21%), followed by money laundering (20%), fraud (16%), and drug dealing/ trafficking/ prostitution (16%).

3.3 Poor public perceptions of the links between gambling and crime cannot be ignored and highlights the need for action. This is likely linked to the regular press coverage of cases where crime is linked to harmful gambling.⁸

⁴ [Strategy 2018-2021](#), Gambling Commission

⁵ [Measuring Gambling-related harm – a framework for action](#), Wardle, Reith, Best, McDaid and Platt, 2018

⁶ [Measuring Gambling Related Harms: Methodologies & Data Scoping Study, McDaid and Patel 2019](#)

⁷ [Gambling participation in 2018: behaviour, awareness and attitudes](#), Gambling Commission, February 2019

⁸ In August 2019, 30% of all gambling media reports collated by the Gambling Commission were related to crime,

Crime to fund gambling (fraud and theft)

- 3.4** Crime to fund gambling offences can take many forms including fraud against online gambling accounts and robbery of gambling premises however the most widespread rationale for gambling-related fraud and theft is gamblers stealing money to fund their gambling or pay off gambling-related debts.
- 3.5** According to the latest Health Survey data⁹ (commissioned by the Gambling Commission), 0.2% of respondents stated they had committed a crime to finance gambling or to pay gambling debts. The majority of these were classified as problem gamblers but not all, highlighting the need for this review to not overlook the wider links between gambling as a whole and crime. Set against the size of the GB adult gambling population, this equates to approximately 60,000¹⁰ people who have admitted to committing (at least one) crime associated with gambling, most likely fraud or theft. However, based on self-reporting, these figures are likely to significantly under-report the problem.
- 3.6** The Health Survey data only takes us so far in understanding the proportion of the population committing crimes to fund their gambling. We therefore recommend the review includes the lived experience voice in order to understand the motivations behind gamblers committing crimes to finance their gambling.
- 3.7** Additionally, the Gambling Commission receives regular referrals from police and courts which frequently supports our regulatory action against operators for breaches of their license conditions. We are also talking to stakeholders about the possibility of screening and developing care pathways for custody suites in five police force areas in England, with the potential to extend to police force areas in Wales and Scotland.
- 3.8** The impact on society of people committing crimes to fund their gambling is far reaching. Stealing to support gambling is a key public concern and is a serious consequence of gambling more than people can afford to lose. The potential of harm to individuals, businesses and society is real. Family members and friends who become victims of gambling associated fraud or theft may experience financial problems as well as mental health issues and damaged relationships including family breakdown. Organisations defrauded of money may suffer financial difficulties, leading in some cases to job losses and bankruptcies impacting on the wider economy.

Underage gambling

- 3.9** Underage gambling is an offence under the Gambling Act 2005, which prohibits operators from inviting, causing or permitting a child or young person¹¹ to gamble and, in some cases, allowing them to enter gambling premises¹². This offence includes allowing underage participation in online gambling. It is also an offence for young people themselves to gamble, to enter a gambling premise that they are prohibited from entering, or to provide facilities for gambling.
- 3.10** We have a strong commitment to protecting children and young people from the harm gambling can pose. Our survey data indicates that there are approximately 350,000 11-16 year olds who have gambled 'in the past week', however we know much of this is private

⁹ [Gambling behaviour in Great Britain in 2016](#), Health Survey England (HSE), Scottish Health Survey (SHeS) and the Wales Omnibus, 2016

¹⁰ This is based on a survey estimate which is subject to sampling error and a large confidence interval.

¹¹ A 'child' is defined as any person under 16 and a 'young person' is any person aged between 16 but under 18.

¹² Exceptions are defined in the Gambling Act 2005, and include participation in private non-commercial gaming and betting, participate in lotteries and football pools and use Category D gaming machines. Young people aged 16 and above may also play the National Lottery products.

betting between friends in the playground and using a crane machine to win a toy¹³. It is important that we develop our work to understand the gambling-related harm experienced by children and young people and to encourage parents to speak to their children about the risks associated with gambling.

- 3.11** In July 2019, Age Verification test purchasing conducted at Royal Ascot resulted in seven on-course bookmakers facing regulatory action after allowing a 16-year-old to place a bet¹⁴. Our expert advisors, ABSG, also noted in their advice that many operators still have test rates around the 80% mark and improvements are to be made.¹⁵
- 3.12** Protection of children should be seen as a particular priority. Children and young people are different to adults because of their stage of physiological and psychological development, their inexperience and their position in society. They are more vulnerable to gambling-related harms and the harms they experience are likely to have a formative impact. We have supported work to develop a specific framework which highlights the key differences in the way gambling harms are experienced by children and young people and the different approaches that will be needed to measure these harms and track progress in reducing them.¹⁶

Match-fixing

- 3.13** Match-fixing is the corrupt manipulation of an event or sporting event by those participating, officiating, organising or coaching, with the intention of producing a result or occurrence which benefits the corrupter and / or their associates. Match-fixing is a criminal offence and can be prosecuted as cheating under the Gambling Act 2005.
- 3.14** Match-fixing undermines consumer confidence in gambling and in sport, both nationally and internationally, and in some countries has led to the collapse of professional leagues. Consequently, they present a continual challenge for the governance, culture, reputation and operational capabilities of sports and sports betting businesses. Those involved in match-fixing generate illegal profits at the expense of betting operators, sport and other gamblers. These profits may provide an income source for further criminal activity.
- 3.15** During 2018/19, the Sports Betting Intelligence Unit received over 600 reports relating to over 20 different sports in Great Britain with football and tennis receiving the most betting integrity reports¹⁷. Reports can include issues such as suspicious betting activity, sports rules breaches, misuse of inside information, Gambling Act offences or other criminality.
- 3.16** Action is determined on a case by case basis including referrals to UK police forces, sports governing bodies and actions taken by the Commission's own enforcement teams.

Money laundering and terrorist financing

- 3.17** Money laundering is the process of concealing the origins of illegally obtained money and transferring this money into the legitimate economy. The term also extends to the general spending of criminal proceeds. This is a risk that directly affects most gambling businesses, from high-impact operators to sole traders and can be linked to stolen money being used for gambling by people suffering harm¹⁸.

¹³ [Young People and Gambling 2019](#), Gambling Commission, October 2019

¹⁴ <http://www.gamblingcommission.gov.uk/news-action-and-statistics/News/on-course-bookies-face-licence-reviews>

¹⁵ [Gambling and children and young people 2018](#), Advisory Board for safer Gambling, June 2018

¹⁶ [Measuring gambling-related harms among children and young people, a framework for action](#), Gambling Commission, 2019

¹⁷ [Sport Betting Integrity Quarterly Snapshot](#), Gambling Commission, July 2019

¹⁸ Money laundering includes:

- intentional money laundering (including the use of gambling products and services to store and move the proceeds of crime)
- criminals using the proceeds of crime to gamble as a leisure activity

- 3.18** In 2017, the Gambling Commission published a risk assessment¹⁹ of money laundering on the gambling market. Overall, our highest risk sectors are the remote sector (casinos, betting and bingo), non-remote betting and non-remote casino. Licensed lotteries are rated as presenting the least risk of money laundering.
- 3.19** Money laundering damages communities and undermines the integrity of both public and private sector organisations. It can threaten the UK's national security, harm our economic prosperity and negatively impact on our international standing.
- 3.20** During 2018/19, our intelligence team generated approximately 4,600 intelligence reports around a number of issues including betting integrity, unlicensed remote operators and money laundering. Of these, around 600 reports were flagged as 'problem gambling' further highlighting the need to broaden the review wider than problem gambling. In the same time period, our Enforcement team carried out 161 regulatory and criminal investigations for money laundering failures on its gambling exchange.

Domestic abuse and intimate partner violence (IPV)

- 3.21** Understanding gambling-related harms is a priority under the Strategy. Domestic abuse has been identified as a key metric relating to gambling-related harm in the harms framework however in the UK there is limited research to date looking at the links between gambling and domestic abuse.
- 3.22** Domestic abuse is any incident or pattern of incidents of controlling, coercive, threatening behaviour, violence or abuse between those aged 16 or over who are, or have been, intimate partners or family members regardless of gender or sexuality. The abuse can encompass psychological, physical, sexual, financial or emotional abuse. Intimate Partner Violence (IPV) is a sub-set of domestic abuse and can be defined as any behaviour within an intimate relationship that causes physical, psychological or sexual harm to those in that relationship.
- 3.23** In the year ending March 2018, an estimated 2 million adults aged 16 to 59 years experienced domestic abuse in England and Wales in the last year (1.3 million women, 695,000 men).²⁰
- 3.24** We acknowledge international studies have suggested a link between gambling and domestic abuse²¹. Although a direct causal relationship between gambling and IPV is difficult to determine, problem gamblers are significantly overrepresented in the perpetrators of intimate partner violence, as high as 25% in some studies²², compared with 0.7% in the GB general population. Set against national data on the prevalence of domestic abuse amongst the GB population, this body of research suggests that a large body of people may suffer intimate violence, committed by a problem gambler, each year.
- 3.25** The physical and mental health impacts of domestic abuse on individuals are self-evident. This crime can have severe impacts on family and wider societal cohesion, increasing demands on social services, with a commensurate effect on the economy. At its worst, it can lead victims to suicide - the most severe gambling-related harm.

4 Conclusion and recommendations

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- criminals gaining control of a licensed gambling business and using it as a vehicle for money laundering
 - money laundering that is facilitated by inadequate systems and controls
 - failure to comply with statutory anti-money laundering obligations.

¹⁹ [Money laundering and terrorist financing risk within the British gambling industry](#), Gambling Commission, November 2017

²⁰ [Crime and Justice statistics](#), Office for National Statistics (2019)

²¹ [Problem Gambling and Intimate Partner Violence: A Systematic Review and Meta-Analysis](#), Dowling et al (2014)

²² [Understanding and Addressing Violence against women: Intimate Partner Violence](#), World Health Organisation, (2012)

- 4.1** Progressing the framework for measuring gambling harms is a key priority for the National Strategy to Reduce Gambling Harms and we believe this review will help progress this. A better evidence base will help a wide range of stakeholders to develop more effective prevention actions and policies.
- 4.2** To avoid an approach which could become too narrow, and therefore miss important aspects of this issue, we recommend the Commission on Crime and Problem Gambling does not overlook the wider links between crime and gambling. An approach that looks at the whole scale of gambling harms and how it links to crime would be an important step forward. Real progress requires all of us to change our mindset about the risks associated with gambling – we need to move away from solely counting problem gamblers towards understanding the harms that are being experienced and ensure widespread adoption of measures that work to protect against those harms.
- 4.3** A key concern for the Commission is the limited data available regarding gambling-related crime and its impact on society. We would support the Commission on Crime and Problem Gambling making recommendations to remedy this and we stand ready to support these efforts where possible.
- 4.4** We also recommend The Commission on Crime and Problem Gambling considers how the lived experience voice will be included in the review.
- 4.5** As well as understanding the links between crime and gambling we also recommend the review applies a whole system approach and focuses on understanding the gaps in the system of support and treatment services, especially for those in prison and on probation.
- 4.6** We hope this selection of evidence is useful and we are more than happy to collaborate further as your review progresses.

January 2020

Making gambling fairer and safer

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