knowledge snapshot

Can banks help prevent problem gambling? A framework of financial well-being indicators

What this article is about

Gambling disorder is a unique behavioural addiction because financial harm is a direct consequence. In recent years, gambling has been transformed into an online activity. This shift to online gambling has led to a growing need for payment systems to support it. In other words, gambling companies need financial institutions to handle money transfers for their customers.

Financial institutions, like banks, could play a key role in preventing financial problems related to gambling. This topic, however, is not well researched. This lack of research is surprising, given how quickly online gambling companies have adopted financial technologies, or Fintech. Fintech has become the main method for making deposits and withdrawing winnings in online gambling. It allows people to connect directly to their bank accounts and provides them with constant access to their funds, which may affect their financial well-being (FWB).

FWB refers to the overall state of a person's financial health. It encompasses one’s ability to meet financial obligations, feel secure in one’s financial future, and have the freedom to make choices that allow them to enjoy life. Gambling can negatively affect FWB. Unfortunately, there are no clear guidelines on how financial institutions can help reduce the financial harm caused by gambling.

In this study, the researchers reviewed general financial and gambling research and identified important FWB indicators for financial institutions. Their aim was to encourage financial institutions to engage in safer gambling initiatives geared towards minimizing gambling-related harms.

Why is this article important?

This review provides a conceptual framework outlining four main determinants of financial well-being and their indicators. The framework suggests how banks and payment providers can help reduce harmful gambling. By tracking financial transactions, these institutions can spot early signs of problem gambling and offer timely help, such as spending limits or alerts. This approach goes beyond just focusing on gambling companies and people who gamble, creating a more comprehensive and effective way to protect people from gambling-related financial harms. This review also encourages collaboration between financial institutions, policymakers, regulators, and researchers to develop better regulations and intervention strategies.

What was done?

The researchers conducted a narrative review to explore how financial institutions can take on a more active role in preventing gambling-related harms. They searched several databases to identify relevant research papers, including Medline (Ovid), Sociological Abstracts (ProQuest), Web of Science (Clarivate), and PsycInfo (EBSCO). The literature review was conducted in two parts.

In the first part, the researchers focused on research papers examining FWB in general. They used keywords related to money management, spending habits, and financial behaviours. The researchers excluded older articles published more than 20 years ago and those without full text available.

In the second part of the review, the researchers examined how gambling affects people's finances. They searched for articles discussing gambling-related financial problems and looked at transaction data in this context. They also examined how people's gambling habits affect their bank transactions.

The researchers synthesized the results from their literature review. They categorized articles based on the main topics and then grouped them into broader themes. This process helped create a framework for understanding FWB. They also examined how gambling indicators in transactional data relate to FWB determinants.

What you need to know

Financial harms have been examined in many different aspects. Such harms can include difficulty meeting daily needs, lack of financial resilience, and reduced future security. In the context of gambling, FWB is often the first area affected by harmful gambling. Studies have shown that even non-problem gambling can have negative financial consequences.

The researchers identified four main determinants of FWB: financial behaviours, sociodemographic factors, psychological factors, and financial literacy. Financial behaviours include indicators such as deposit, win withdrawal, and payment methods. Sociodemographic factors include indicators such as household characteristics, education, and contact with gambling companies' customer services. Psychological factors include indicators such as attitude towards money, impulsive tendency, and self-control. Financial literacy includes indicators such as knowledge of gambling products, money management skills, and use of tools that support FWB (e.g., limit setting).

The researchers outline how these FWB determinants and indicators may manifest in financial transaction data. They also suggest possible interventions that financial institutions may undertake. For example, financial institutions can screen whether people have the financial means to engage in gambling. They can also provide real-time feedback on gambling spending.

Who is it intended for?

This research has important implications for financial institutions, policymakers, gambling regulators, and other stakeholders. It can inform regulations around the roles of financial institutions and Fintech companies in responsible gambling initiatives. Gambling regulators can enforce new regulations integrating financial monitoring as a tool for early detection of harmful gambling behaviours.

About the researchers

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