

# knowledge snapshot



## The implications of affordability checks for addressing online gambling harm

### What this article is about

The UK Gambling Commission is introducing new regulatory measures to address gambling harm. These include proposals to use data on disposable income to determine whether a person's spending on gambling may be unaffordable. Disposable income is the total amount available to spend after taxes. The 2023 White Paper proposes two types of affordability checks:

- (1) A financial vulnerability check using open-source indicators. This would be triggered if a player loses more than £125 in net loss in a month, or £500 in a year.
- (2) An enhanced spending check, which would be triggered if a person has a net loss greater £1000 in a day or £2000 in 90 days. These amounts are to be halved for adults aged 18–24. This enhanced check would look at more personalized data to consider issues like discretionary income. Discretionary income is the amount left after taking into account necessary living costs.

In this article, the author tracked how affordability checks have come about in British gambling regulations. The author outlined concerns regarding these measures, including their likely downsides.

### What was done?

With the advances of technologies, online gambling data has become central to government initiatives to identify and prevent gambling harm. The author summarized what is known about the limits and risks of these technologies. The author then tracked the way that affordability checks have appeared in British gambling regulations and consultations from 2019 until the 2023 White Paper. The author also outlined two major concerns about affordability checks.

### Why is this article important?

The UK Gambling Commission is introducing new regulatory measures to address gambling harm. These include affordability checks for online gambling that rely on data sharing across operators. In this article, the author tracked how affordability checks have come about in British gambling regulations. The author then outlined the likely downsides of these measures. This article shows the need for a wider conversation about affordability checks and data sharing, which could be exploited for commercial profit making.

### What you need to know

According to the author, differentiated access to gambling has historically been a way for states to show their ability to control markets and prevent social harm. In differentiated access, restriction of gambling is selectively targeted to certain groups of adults. Three insights can be particularly useful to understand current interest in affordability checks:

- (1) State concern with harmful gambling is being directed towards joint efforts with the industry. Such efforts aim to promote responsible gambling and identify those whose gambling is suspect.
- (2) Increasing interest in the use of online gambling data and technologies to monitor and shape people's gambling behaviour. Such technologies arguably have a conflicting role: they can be used for more effective marketing to encourage gambling, while promising player safety.
- (3) Increasing interest in the use of online gambling technologies for consumer protection. Online gambling enables the development of algorithms to monitor customers' gambling patterns.

Restriction of access can then be imposed if excessive spending is detected.

Affordability checks emerged in part due to land-based casinos' failures in social responsibility towards their VIP customers. The interest quickly spread to the regulation of online gambling. In 2019, a new social responsibility code provision was issued. Its guidance required online operators to monitor people's activity and to use a range of indicators to identify those at risk of harm. In July 2020, a report by the House of Lords was published. The report advised strengthening affordability checks to enhance safer gambling. In November 2020, the Gambling Commission undertook a consultation on further changes to online customer interaction. These included strengthening rules on identifying customers at risk of harm and intervening. Affordability checks are expected to be performed with the support of third-party providers (e.g., credit reference agencies). Guidance on a new code provision was provided in June 2022 but was later withdrawn.

In November 2022, the Commission launched a consultation on the 2022 guidance. On affordability, the consultation reasserted the 2019 guidance on using data on household income from the Office of National Statistics (ONS). Finally, a White Paper was put forward in April 2023. It proposed a range of new regulations in line with the emphasis on affordability. Affordability checks involve the use of open-source indicators, such as postcode and bankruptcies, and other more personalized data. Moreover, the Commission advocated for data sharing across operators. This is referred to as a "single customer view" (SCV), which would allow operators to monitor people's activity across different accounts.

The author outlined two major concerns regarding this approach. Firstly, there is a failure to question why gambling operators are enthusiastic about SCV and affordability checks. There is no discussion about how this approach would give operators access to an enormous amount of data, which could potentially be used to boost commercial profits. This approach also gives operators the discretion to set thresholds of harm and decide what actions should be taken. In

addition, software companies that develop gambling screening tools are positioned as neutral experts, even though they stand to make substantial profits.

Secondly, affordability checks not only heighten the surveillance of people with gambling patterns that indicate risk of harm, but also those with certain sociodemographic characteristics. They can have disproportionate impacts on groups who may already be disadvantaged and subjected to oversurveillance. Moreover, the emphasis on affordability checks directs attention away from product designs and other interventions that could work better.

### Who is it intended for?

This article can inform policy makers, researchers, and other stakeholders.

### About the researchers

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