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People place larger bets when a post-bet option to cash out is available

What this research is about

People often must make decisions that include some element of risk. Once a decision is made, there is typically a period of time that a person needs to wait to see whether or not they made the best choice. In gambling, the outcome of a bet also occurs after some time has elapsed. For most people, the delay between making a decision and learning the outcome is uncomfortable. As such, people often prefer to end this uncertainty earlier if it is possible to do so.

Many sports betting apps include a cash-out feature, allowing people to exit a bet early if they choose to. Doing so results in an instant payout but also means giving up the chance of possible additional winnings. Moreover, the payout is typically less than the original wager. Usually, the bookmaker makes a greater margin of profit when people use the cash-out feature. Research has found that bookmakers often promote cash-out features as a way for people to exert control over their bets.

An increasing number of studies suggest that cash-out features are linked with more problematic gambling. When deciding to use a cash-out feature, people are required to make two decisions: the first is to make the initial bet, and the second is to determine whether or not to leave the bet early. In essence, people are making two risky bets when they use the cash-out feature. This could be one of the reasons why cash-out features are linked with problem gambling behaviour. The goal of this study was to examine both parts of the cash-out decision making across two experiments with a card-betting task.

What you need to know

Over the past several years, legalized online sports gambling has grown substantially. With smartphone apps, sports gambling has become far more accessible. Many apps and websites include a cash-out feature. This allows people to exit their bet early if they choose to do so. However, concerns have been raised over the link between cash-out features and problem gambling.

This study examined the effects of cash-out features on gambling behaviour through two experiments. Using an online card-sorting task, it was found that with access to a cash-out feature, people placed initial bets that were larger by up to 35% on average. However, the results with respect to problem gambling severity are quite mixed. These results indicate that cash-out features may have an impact on how people engage with sports gambling apps.

What the researchers did

The researchers conducted two experiments to examine the effects of a cash-out feature. Both experiments used the same task and measures; however, the structure of each experiment was slightly different. In the first experiment, each participant was able to access the cash-out feature for half of the trials but not for the other half. In the second experiment, half of the participants were able to use the cash-out feature for the whole time, whereas the other half could never use it. Participants for both experiments were recruited from Prolific, an online platform for recruiting research participants.

Both experiments used a card-betting task. The task included an initial choice of how much to bet on a card draw, followed by a second choice, which was the cash-out offer. The researchers also controlled the amount of the cash-out offer, the likelihood of winning, the uncertainty of this likelihood, and how much time it took before the cash-out offer appeared. Participants accessed the task through their web browser using a personalized code.

Each participant also completed a demographic questionnaire and the Problem Gambling Severity Index (PGSI), a measure of gambling severity.

What the researchers found

The final sample for Experiment 1 was 52 adults (57.7% women), and the sample for Experiment 2 was 167 adults (49.7% women). Participants resided in Australia, Canada, New Zealand, the United Kingdom, and the United States.

The first outcome measured was the bet amount. In both experiments, having the cash-out option resulted in participants making larger initial bets than when it was not available. For instance, in Experiment 1, the initial bets were 35% larger on average when people had the option to cash-out. Furthermore, in Experiment 2 only, it was found that PGSI scores influenced bet size. Specifically, bet sizes between participants with high and low PGSI scores became similar when the cash-out option was available.

Next, the researchers looked at what influenced people to use the cash-out option. First, they found that the amount of the cash-out offer impacted the likelihood of using the cash-out feature. In both experiments, larger offers led to more cash-outs. It was also found that the likelihood of cashing-out was highest if a person had either a low or high chance of winning their bet. The researchers suggested that this could be people attempting to avoid losses (for low chance) or preserve winnings (for high chance). Regarding PGSI scores, it was found that people with higher scores were less susceptible to the value of the cash-out offer than those with lower scores.

Finally, it was found that participants who were more likely to cash-out were also more inclined to rate themselves as having control over the betting task. This was especially the case for people who would cash-out when their bets were likely to pay off. This may indicate an overall pattern of preserving gains instead of avoiding losses.

How you can use this research

The results provide important information on the role of cash-out features in gambling. This study can help to inform new policies surrounding what features should be permitted for online sports gambling.

About the researchers

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