What this article is about

Gambling occurs on a spectrum of risk. On the high end, people with problem gambling face serious harms from their gambling. Harms may include financial, relationship, and health problems. However, harms also occur to people with low-risk and moderate-risk of gambling problems. Moreover, people can experience harms due to a family member’s gambling, even if they do not gamble themselves. Problem gambling is an important public health issue that results in significant social costs. Yet, policies and interventions to prevent and reduce gambling problems have had limited success.

This article suggests that the field of behavioural economics provides important insights into gambling. Behavioural economics aims to understand factors that drive human decisions. It has identified a range of heuristics, or mental shortcuts, that people use when making decisions. While heuristics lead to easier decision-making, they can result in biases. The authors propose that a behavioural economics approach offers promising ways to minimize harms across the spectrum of gambling risk.

What was done?

The authors first discuss the heuristics in behavioural economics and gambling biases in psychology. They then suggest three main barriers to effective policies. Finally, the authors outline how a behavioural economics approach can offer promising solutions.

What you need to know

According to the authors, many of the heuristics in behavioural economics are similar to gambling biases in psychology. For example, the sunk cost effect explains how people persist in an activity in which they have invested money, time, and effort. This is similar to loss chasing. Loss chasing occurs when gamblers keep on gambling to try to win back the money they lost. Another example is the illusion of control – the belief that one has more control over the outcomes of gambling games than one actually does. This is related to the overconfidence effect and optimism bias in behavioural economics. The overconfidence effect describes how people feel they can predict and control future events. The optimism bias describes a tendency for people to believe that they will succeed or not experience a negative event.

Gambling operators exploit these heuristics and biases. For example, the stop button on slot machines fosters the illusion of control. Some gamblers believe that they can control the game outcomes by pressing the stop button. This is concerning given that people with gambling problems are more likely to have gambling biases. Even when gamblers know they have these biases, they appear to switch to a less rational
and more emotional state when playing. In that state, gamblers are more likely to rely on heuristics and biases to make their decisions. This may explain why educating gamblers about the statistics of gambling, such as probability and random chance, has limited success.

The authors highlight several barriers to effective policies. First, the government receives significant revenue from gambling. This creates a conflict of interest as harm-reduction policies can have an impact on revenue. Secondly, gamblers often do not use strategies that rely on voluntary use, such as setting up a money limit. Finally, policies fail to target a specific behaviour. This is due to different ways of defining ‘risky’ gambling behaviour and gambling harm. There are also challenges with measuring the success of harm-reduction programs in the absence of relevant data, such as the impact of gambling on crime, domestic violence, and divorce.

The authors argue that policies and practices often fail to recognize how heuristics and biases drive gambling behaviour. Most policies assume that people make rational decisions if they have enough information. A behavioural economics approach can be applied to reduce gambling harms. Such an approach can include ‘nudges’, which are subtle, low-cost changes in the environment to encourage people to behave in a more desirable way. For example, gamblers can be sent personalized messages that are tailored to their patterns of play. These messages can be used to raise people’s awareness of their gambling and help them set up their own gambling limits.

An environmental change that has been effective is smoking bans in gambling venues. Smoking bans force people to take a break and leave the gambling venue to smoke. This reduces gambling among smokers. It also provides gamblers a break that helps them clear their mind and be more aware of their gambling.

The authors suggest that any behavioural economic policy or program will need to be evaluated. The best method is through a randomized controlled trial. This is when participants are randomly placed into an intervention or no intervention group, and results are compared. It is important for researchers and policy-makers to partner with the gambling industry, to access data on player characteristics and behaviours.

Who is it intended for?

This research is intended for researchers, policy-makers, and gambling operators. It offers a new approach to reduce harms from gambling that can be used with existing strategies.

About the researchers

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Citation


About Gambling Research Exchange (GREO)

Gambling Research Exchange (GREO) has partnered with the Knowledge Mobilization Unit at York University to produce Research Snapshots. GREO is an independent knowledge translation and exchange organization that aims to eliminate harm from gambling. Our goal is to support evidence-informed decision making in safer gambling policies, standards, and practices. The work we do is intended for researchers, policy makers, gambling regulators and operators, and treatment and prevention service providers. Learn more about GREO by visiting greo.ca or emailing info@greo.ca.