

## Research Briefing Note

### BACKGROUND

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This brief was created by researchers in the Gambling Research Lab at the University of Waterloo to serve as a basis for the discussion of current regulations surrounding the effects of near misses and losses disguised as wins on Electronic Gaming Machine (EGM) players. This brief includes a state-of-the-art understanding of this topic developed from a systematic review of research performed over the last quarter century, and includes:

- What is known about near misses
- What is known about losses disguised as wins
- Possible options to address the problem created by near misses and losses disguised as wins

Our study shows that there is consensus in the scientific work on both near misses and LDWs that players experience them as reinforcing or rewarding events during gaming sessions. Both near misses and LDWs encourage play by turning a loss during a gambling session into a more exciting type of event – a close call or a 'small win', respectively. The result of each mechanism is a fundamental desire to continue playing, despite incurring ongoing loss.

While the effect of near misses appears more subtle than LDWs, the result of their presence appears the same: turning a loss into an exciting or reinforcing event, instead of a punishing one. But in addition to this, near misses also increase the willingness to engage in risky behaviour, and are systematically related to systems in the brain that are known to either contribute to or eventually cause addiction and persistence of behaviour. All of this was found to be the product of the presence of nearly winning unto itself, and not any specific celebratory or feedback mechanism endemic to EGMs. Clearly, near misses are a mechanism that can effectively and without necessarily the player being aware of it, cause the player to take less notice of their losses during gaming sessions.

Similarly, losses disguised as wins appear more strongly related to how the game delivers feedback to the player: the sounds and sights that look like what happens in a win encourage ongoing play. LDWs also distract players from the true outcomes of spins during a gambling session.

As our intent is to inform policy makers based on current research evidence, we have listed suggested options but have avoided making specific recommendations on what the best course of action may be.

## POLICY IMPLICATIONS

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Given the extensive research on how near misses and losses disguised as wins are misleading and potentially harmful to players, we considered how Ontario regulators could address this problem. Rather than put forward recommendations ourselves, we listed four suggested options that could be adopted. Note that more than one option could be adopted at the same time. The options include:

- 1) Ban near misses and LDWs on EGMs.
- 2) Study the efficacy of the ban on near misses and losses disguised as wins on EGMs in Queensland and Tasmania.
- 3) Study the “best practices” in EGM regulations worldwide to document efforts to address near misses and losses disguised as wins on EGMs.
- 4) Conduct further Knowledge Translation and Exchange efforts related to near misses and losses disguised as wins on EGMs.

## FURTHER READING

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Given that our review was a Systematic Review, we feel that all published research has been included. A Systematic Review of EGM regulations (i.e. not the research literature but the regulations in each jurisdiction) worldwide would serve to complement and extend this current Systematic Review.

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