RESEARCH SNAPSHOT

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Using banking data to understand onshore and offshore gambling among people with debts

What this research is about

Online gambling is a highly prevalent activity across Europe. While most people who gamble online use legal and regulated websites, a sizeable proportion of people who gamble online use offshore gambling websites. For instance, in 2023, it was estimated that 13% of online gambling in Europe came from offshore gambling. Offshore gambling can be broadly defined as gambling online using a website that is housed in another country and not regulated in the jurisdiction where the person who gambles resides. In Europe, the top offshore market is Malta.

Compared to regulated gambling, offshore gambling can present more serious issues for people who gamble. For instance, it has been found that participating in offshore gambling is associated with a higher chance of developing problem gambling (PG) and experiencing greater gambling harms. Also, offshore gambling sites offer more harmful gambling products, in-play sports betting, and, in some cases, the ability to gamble using cryptocurrency. These sites usually do not provide consumer protection measures such as limit setting and self-exclusion.

Financial harms are often associated with PG and high levels of gambling involvement. People who are heavily involved in gambling are at increased risk of accumulating debts. Despite this, no known study has explored levels of indebtedness among people who participate in offshore gambling. The aim of this study was to examine the relationship between indebtedness and offshore gambling. To do this, the researchers used a dataset of banking data collected by a credit counselling and debt consolidation service.

What you need to know

The online gambling market in Europe has grown substantially in recent years. In Europe, people have access to regulated onshore gambling websites. But some people may choose to gamble on unregulated offshore websites. Unfortunately, offshore gambling is associated with a higher risk of gambling harms, including debts.

The goal of this study was to further assess the relationship between indebtedness and offshore gambling. The researchers analyzed a dataset of real-world banking data from Finland that consisted of 23,231 people. It was found that offshore gambling made up 96% of gambling deposits, with online casinos being the most popular gambling type. People who gambled offshore tended to be more heavily involved in gambling than those who gambled onshore. Furthermore, those who gambled both onshore and offshore had even higher levels of gambling involvement and higher amount of unsecured debt. Gambling deposits were found to predict having unsecured loans, and this was particularly strong among those who gambled offshore. The findings suggest that there is link between unsecured loans and offshore gambling.

What the researchers did

The data analyzed in this study were collected by Solidate, a Finnish credit counselling and debt consolidation service. The dataset consisted of the bank transactions of 23,231 people and was collected between May 2018 and October 2021.

Gambling-related transactions in the dataset included (1) deposits to gambling operators for both

onshore and offshore gambling by type of product (sports betting, casino, and lottery); (2) withdrawals from gambling operators; and (3) information on secured and unsecured loans (e.g., payday loans). For privacy reasons, demographic information was not included in the dataset transferred to the researchers. All gambling transactions that occurred through payment services were considered to be offshore gambling, as the Finnish gambling monopoly does not use these intermediaries.

What the researchers found

First, it was found that 90% of deposits were made with offshore gambling operators. Furthermore, the median amount deposited was greater for offshore gambling (25€) than for onshore gambling (12€). The median is the middle value after the dataset has been arranged from smallest to largest. Similarly, the median withdrawals were larger for offshore gambling (70€ vs. 15€). Most deposits to offshore gambling were made through payment services (69%). The breakdown for type of gambling found that online casinos were the most popular (77% of deposits), followed by sports betting (23%). Lotteries made up less than 1% of deposits.

Next, differences between onshore and offshore gambling were examined. When people who gambled offshore were compared to those who gambled onshore, it was found that offshore gambling was associated with greater gambling involvement and higher gambling losses. No significant differences were found in the amounts of unsecured loans that were held. People who gambled on both onshore and offshore sites showed even greater gambling involvement and higher amount of unsecured debt than those who gambled offshore only.

Lastly, it was found that people with unsecured loans displayed higher levels of gambling than those without unsecured loans. Furthermore, gambling deposits predicted having unsecured loans, and this was particularly strong among people who gambled offshore. Overall, this banking dataset supports the link between unsecured loans and gambling deposits, especially with respect to offshore gambling.

How you can use this research

The findings of this study provide evidence that indebtedness is associated with online gambling, especially offshore gambling. The findings highlight some of the challenges of unregulated gambling. The study could be of interest to policy makers looking to reduce gambling harms through better regulation.

About the researchers

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About Greo Evidence Insights

Greo Evidence Insights is an independent, non-profit organization specializing in research, knowledge mobilization, and evaluation in the health and well-being sectors. Greo transforms research and insights into actionable strategies to prevent and reduce harm related to gambling, gaming, technology use, and substance use. To learn more about funding for Research Snapshots visit our website.

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