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Do cashless payment and the pain of paying affect gambling behaviour?

What this research is about

Cashless payment includes the use of debit/credit cards, vouchers, mobile phone and other forms of online payment to pay for a purchase. It removes the need for physical cash. Little is known about how cashless payment may affect gambling behaviour and if it may lead to greater gambling-related harms. The 'pain of paying' refers to the psychological cost associated with making a purchase. Research suggests that people feel less 'painful' and spend more when using more abstract forms of paying like credit cards. Whether the money is earned also makes a difference. People are less willing to spend earned money than windfalls.

In this study, the researchers did two experiments to test the effects of monetary formats on gambling behaviour. The first experiment compared gambling with cash versus voucher. The second experiment compared gambling with earned money versus gambling with windfall.

What the researchers did

In both experiments, participants were community members who were at least 19 years old and had gambled on slot machines in the past three months. They were screened by telephone to ensure they were eligible to participate. Those who scored higher than 7 on the Problem Gambling Severity Index (PGSI), had ever sought treatment for gambling problems, or enrolled in voluntary self-exclusion were excluded.

Experiment 1

The researchers randomly assigned participants to a 'cash' or 'voucher' group. The slot machine used was Great Wall II. Participants were instructed that they would have 30 minutes to play. The first 10 minutes

What you need to know

The researchers did two experiments to test the effects of monetary formats on gambling behaviour. In Experiment 1, participants gambled on a slot machine with cash or voucher (a cashless payment method). In Experiment 2, participants gambled with money they had earned through a task or with money they were given (windfall). The results showed only weak evidence that monetary formats affected gambling behaviour. Bet size and number of bets did not vary across groups in both experiments. However, game-level factors including the length of losing streak and the size of previous win affected how quickly participants started their next bet and their bet size.

were fixed period, and the last 20 minutes were free period that they could quit at any time. Participants in the cash group were given \$40 CAD in \$5 bills and were asked to hold and count their bills. Participants in the voucher group were given a \$40 paper slip that looked like a voucher used in local casinos. Both groups were told they could vary the number of lines and the amount bet per line as they wanted. The slot machine display was set to cash format for the cash group and credit format for the voucher group. After the gambling session, participants recorded their final balance and corresponding bonus payment. There were 30 participants in the cash group and 31 participants in the voucher group.

Experiment 2

Experiment 2 was similar to experiment 1 with a few key differences. The 'earned' group had to complete a task to earn the funds for their gambling session. When they had earned \$40 CAD, they were given the

cash in \$5 bills. Participants in the 'windfall' group read a magazine instead of completing the task and were then given \$40 CAD in \$5 bills. The slot machine used was Buffalo Spirit. The fixed period was reduced from 10 minutes to 5 minutes. There were 28 participants in the windfall group and 20 participants in the earned group.

What the researchers found

Number of bets and average bet size did not differ across groups in both experiments. Thus, whether gambling with cash or voucher, and with earned money or windfall did not affect gambling intensity.

The researchers found that the length of losing streak and the size of previous win affected how quickly participants started their next bet. In Experiment 1, participants in the cash group started their next bet more quickly after a longer streak of losses. This was not observed in the voucher group. Both the cash and voucher groups paused for longer before initiating the next bet after a bigger win. In Experiment 2, the windfall group started their next bet more quickly after a longer streak of losses. Both the earned and windfall groups paused for longer after a bigger win, although the effect was weaker in the earned group.

In terms of bet size, participants in the cash group were less likely to place a larger bet than what they usually placed after a longer losing streak in Experiment 1. They were more likely to place a larger bet after a bigger win. These results were not observed in the voucher group. In Experiment 2, losing streak had no effect on bet size. Participants in the windfall group were more likely to place a larger bet than usual after a bigger win.

The remaining balance on the machine had no effect on how quickly participants started the next bet in Experiment 1. In Experiment 2, the windfall group started their next bet more quickly with higher machine balance. In contrast, the earned group paused for longer with higher machine balance. Machine balance had an effect on bet size in Experiment 1 but not in Experiment 2. In Experiment 1, the cash group was more likely to place a larger bet than usual when the machine balance was higher. This was not observed in the voucher group.

How you can use this research

This study could be used to aid in policy decision-making regarding cashless payment in gambling context. It could also inform future research.

About the researchers

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Citation

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