

knowledge snapshot



A comparison of loot box regulations from a public health perspective

What this article is about

In video games, loot boxes can be purchased for the opportunity to receive randomized in-game rewards. Loot boxes are similar to gambling. There are four categories of loot boxes. These categories are based on: (1) whether it costs real-world money, and (2) whether the reward received from a loot box can be transferred to other people for real-world money.

Loot boxes that do not cost real-world money are unregulated in most countries. Loot boxes that cost real-world money might lead people overspend, which can cause financial harm. Paid loot boxes are more likely to be regulated in different countries. This article discusses why regulation of paid loot boxes should take a public health approach. It also compares current self-regulation of the video game industry and the legal approaches taken by various countries.

What was done?

This article discusses how common paid loot boxes are in video games and why loot box regulation should be approached with a public health framework. This article also compares different approaches to regulating loot boxes.

What you need to know

Loot boxes are often found in video games. They are especially common on mobile phone applications. In 2021, 77% of iPhone games found in the UK included loot boxes. Children are regularly exposed to loot boxes and can purchase them. Of the highest-grossing UK iPhone games rated suitable for children aged 12 and above, 58% had loot boxes. Purchasing loot boxes is similar to gambling because people choose to spend real-world money for a randomized chance to win something of value. Previous research in many Western countries (e.g., USA, Spain, Denmark, Australia) found

Why is this article important?

This article compares different ways that countries have regulated paid loot boxes. It also emphasizes the importance of a public health approach to loot box regulation. Only a few countries have taken steps to regulate loot boxes. For example, Belgium has technically “banned” paid loot boxes. In China, video game companies have to include a disclosure of the probabilities of receiving potential rewards. Other countries, including the United Kingdom, are taking a wait-and-see approach. Industry self-regulation has also been adopted. But this seems to have lower rates of compliance than national legal regulation. This article suggests that other public health approaches to loot box regulation can be considered. For example, placing limits on loot box spending and modifications to loot box design.

that higher spending on loot boxes is linked with self-reported problem gambling severity.

There is a debate about whether loot boxes cause widespread harm and whether regulatory intervention is needed. Some researchers argue that further regulation of loot boxes and gambling is unnecessary. Other researchers argue that population-based public health approaches to minimize harm are needed. This debate highlights issues around research methodologies. Many studies use retrospective self-reported data. Such data might not be reliable because participants might be dishonest (e.g., to hide their gambling participation) or inaccurately recall their experiences.

The video game industry has some self-regulation of loot boxes. These actions are claimed to increase transparency and reduce harm. Some companies include

probability disclosures, which outline how likely it is to receive some randomized rewards. Major app stores (e.g., Google, Apple) require probability disclosures. Two major self-regulatory age rating systems of North America and Europe have created a new content descriptor to label whether a game has loot boxes. China is the only country to legally require video game companies to include probability disclosures. But how effective probability disclosures are at reducing harm is unknown.

Public health interventions that balance peoples' ability/choice to purchase loot boxes and companies' commercial interests are needed. Different public health approaches to regulating loot boxes include: (1) do nothing/monitor the situation; (2) provide information; (3) guide choice, such as by placing restrictions on advertising; (4) restrict choice, such as by imposing maximum spending limits; and (5) eliminate choice by prohibiting sale.

Only a few countries have taken steps to regulate loot boxes. Belgium has "banned" paid loot boxes for both children and adults. In response, some companies changed the design of their games by removing the option to buy loot boxes with real-world money. Other companies removed their games from the Belgian market completely.

In other countries, like the UK, France, and Denmark, loot boxes are legally considered gambling if they (1) require people to pay real-world money and (2) can be transferred to other people in exchange for money. However, only the Dutch gambling regulator has enforced that law, but this has since been found incorrect by the courts. The UK is essentially taking a wait-and-see approach by neither regulating loot box sales nor providing any steps for consumer protection. Industry self-regulation has also been adopted. But this seems to have lower rates of compliance than national legal regulation.

The researchers suggested there are many other ways to minimize loot box harms. For example, less harmful and fairer loot boxes could be implemented. A holistic and balanced public health perspective needs to be applied to regulations around loot boxes.

Who is it intended for?

This article is intended for policy makers and those advocating for loot box regulations.

About the researchers

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