

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
DECISION BRIEFING NOTE**

PURPOSE: For DECISION for David Eby, QC
Attorney General

ISSUE: Research on the convergence of video gaming and gambling

RECOMMENDATION:

Explore the possibility of the UBC Research Centre conducting a formal longitudinal study to evaluate the relationships between gaming and gambling as reviewed in this clinical assessment. s.13

s.13

SUMMARY:

- From October 2018 to November 2019, the Responsible and Problem Gambling Program (RPGP) conducted a series of clinical assessments to understand if video gaming addictions could lead to gambling addictions.
 - The results suggest commonalities in the clinical harms experienced by both video gamers and gamblers, as well as the existence of gambling elements within video games. However, research to further study the relationship between video gaming and gambling will be required s.13
- s.13
- The RPGP has completed the collection of all field results and drafted a summary report that provides context, findings, recommendations and an accompanying literature review.

BACKGROUND:

- GPEB and RPGP service providers have received inquiries from the public voicing concern on aspects of video gaming and the connection to gambling.
- Several academic analyses approaching this issue from a public health perspective conclude that there may be risks and harms associated with video games that are consistent with those associated with conventional gambling, and that many games contain gambling features.
- In light of this evidence and public concern, the RPGP launched a limited clinical assessment in October 2018 to determine if gaming behaviour could lead to gambling addiction.

- The clinical assessments, delivered by RPGP program counsellors, measured the connection between video gaming and gambling harms, the scope of treatment services necessary for clients experiencing harms, and demographics of the clients.
- During the trial period, approximately 200 assessments, involving treatment-oriented conversations around video game use and in-game gambling were carried out. Of the 200 clients seen, 58 had issues specific to video gaming and more than half (34) were below the age of 19.
- Clinicians' observations of counselling sessions were consistent with academic literature indicating a convergence of gaming and gambling, particularly around client engagement with in-game purchases, loot boxes, and advertising.
- Following the collection of all field results, the RPGP drafted a summary report that provided context, findings, an accompanying literature review (Appendix A).
- Additionally, this internal RPGP report recommended that, due to the clinical assessment's small sample size, the UBC Centre for Gambling Research (the Centre)¹ be engaged to conduct further research to evaluate the relationship between gaming and gambling in order to inform any development of a provincial strategy around programming to address this issue.

DISCUSSION:

- The results of the RPGP clinical assessments of video gaming issues, though not wide in scale, support evidence found in academic literature that there is a convergence of gambling and video games. This convergence was reported by clients and clinicians as a factor in the normalization of gambling behaviour by those engaging in these activities. Of the video gamers in the cohort of this assessment, over 50% were under 19 years of age. Along with evidence of the noted convergence, there is also a growing body of research suggesting that early onset of gambling behaviour is a risk factor for gambling-related harms and that youth are at increased risk for the development of gambling problems.²

¹ The Centre for Gambling Research at UBC (the Centre) was established to create a central hub for responsible and problem gambling research in B.C. The Centre opened in November 2014 and has become a leading global institution in responsible and problem gambling-related research. GPEB and BCLC are signatories to a funding agreement with the Centre, who provide independent research on the behavioral, clinical and neuroscientific aspects of gambling. The Centre's scope of research also includes the noted convergence of video games and gambling. The Centre is funded by the Province through the voluntary self-exclusion research fund until 2023 and receives approximately \$273,000 annually, producing work to improve evidence-based gambling policy. <https://cgr.psych.ubc.ca/>

² Please see attached RPGP report for more information on academic research related to both the convergence of video gaming and gambling and the particular implications for youth.

- At present, the Province does not provide clinical treatment for people experiencing negative impacts of video gaming. s.13

OPTIONS:

Option 1: Work with the UBC Centre for Gambling Research to explore study in this area. (RECOMMENDED)

Considerations:

- UBC Centre specializes in psychological, clinical and neuroscience aspects of gambling and there is significant potential in utilizing their existing and future research to inform public policy.
- The Province currently funds the Centre to do such research.
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- Data may not be available for several years.

Option 2: Do not pursue a longitudinal study on this topic.

Considerations:

- s.13
- Funds from the Voluntary Self-Exclusion illegal winnings fund can be allocated to other research

INDIGENOUS PEOPLES CONSIDERATIONS:

- According to prevalence data, Indigenous Peoples in B.C. are disproportionately impacted by negative outcomes related to gambling products. The RPGP is committed to developing cultural safe programming, developed in direct collaboration with Indigenous communities, to identify particular barriers and solutions to issues noted by the communities we operate in.

OTHER MINISTRIES IMPACTED/CONSULTED:

- N/A



Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

August 13, 2020

RECOMMENDED:

OPTION ___ APPROVED

DATE:

David Eby, QC
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Attachment:

BC RGP Video Gaming Clinical Trial Report - February 2020

Video Gaming Clinical Trial Report

February 2020

Introduction

BC's Responsible and Problem Gambling Program (RPGP) delivers developmentally appropriate public education on the risks, myths and facts about gambling through a diverse range of gambling education in schools and the community. It also provides free harm-reduction services through early-intervention support and counselling treatment programs for individuals and families negatively impacted by gambling.

Each service stream is part of a continuum that works to ensure the minimization of harms related to gambling. The prevention stream delivers information broadly on healthy choices and harm reduction strategies to educate the public about potential early risk indicators that can lead to gambling problems. The early intervention stream works to triage individuals presenting with concerns and to screen clients for referral to the RPGP clinical stream or to other appropriate community resources. The clinical stream provides direct support to those experiencing harms related to gambling products. Most clients present with multiple concurrent issues including mental health and other addiction issues.

From October 2018 to November 2019, RPGP counsellors assessed gambling risks of clients participating in video gaming to determine whether there might be a causal relationship. The decision to include video gaming in prevention initiatives and to offer limited counselling services for video gaming referrals was prompted initially by the public. Gaming Policy and Enforcement Branch (GPEB) in the Ministry of the Attorney General, as well as RPGP service providers across all support streams, received inquiries from the public voicing concerns about gaming monetization and gambling elements in video games and about education and support services for video gaming. Additionally, evidence in academic literature suggested that there may be risks and harms associated with video games that have a strong correlation to the development of gambling addiction.

The goal for this project was to determine if people who participated in video games, specifically those video games containing gambling elements, could be at risk of developing problem gambling. Depending on the results, prevention and education services for communities, where it is appropriate to educate people about the risks related to games of chance including those found in the video gaming industry, could be modified. The information derived from this counselling trial may also inform future studies on the impact of gambling simulations contained within the video gaming industry.

This report outlines the existing peer-reviewed evidence, the details of counsellors' findings, including who was involved, what services were provided and when and where, as well as a summary of the evaluation. It concludes with recommendations.

Evidence

Convergence

In the past six years we have seen digital games and gambling converge in a significant way. Video games are shifting to using gambling systems within the games, and gambling systems are developing video games to appeal to new and younger demographics. Loot boxes, esports betting, fantasy sports and live streaming blur the boundary between video gaming and gambling, resulting in much closer relationships between the two. Activities include spending real currency to purchase digital enhancements, including: characters, costumes and weapons to increase gameplay ability (microtransactions)¹; wagering on the outcomes of competitive video game contests; online gambling designed to resemble 'sports management' games; and the live broadcast of games such as online poker that use gambling techniques to elicit donations from viewers. In each case gambling becomes like video games, while video games use gambling systems for profit.²

Gambling systems designers are developing new video games to appeal to new demographics, including children and youth. We are witnessing the emergence of a younger gambling audience. Online video games look and play like gambling games such as roulette, poker and slot machines, introducing young people to gambling activity at a young age.

Social media gaming (playing games via social networking sites) increasingly incorporates elements of simulated gambling, and players can purchase virtual credits for money. The number of opportunities for young people to gamble via social media sites is extensive.³ There are few restrictions on social gaming sites, resulting in high numbers of indirect gambling opportunities and extensive links to commercial gambling websites. These sites have no age restrictions, contain few or no mentions of responsible gambling, and fail to provide information about risks of excessive gambling.⁴

There is a growing body of research suggesting that early onset of gambling behaviour is a risk factor for problem and gambling-related harm.⁵ Youth are two to four times more likely than adults to develop gambling problems.⁶ There is some evidence linking playing social casino games with youth gambling problems among adolescent and college age students.⁷ Problem gamblers and problem gamers were found to have similar demographic features as well as high rates of mental health problems and impulsivity.⁸

¹ Microtransaction is a business model where virtual goods such as characters, costumes or weapons can be purchased online in video games using real currency.

² Johnson, M. & Brock, T. (2019). How are video games and gambling converging?

³ Derevensky, J. & Gainsbury, S. (2016). Social casino gaming and adolescents: Should we be concerned and is regulation in sight?

⁴ Ibid.

⁵ Derevensky, J. & Gainsbury, S. (2016). Social casino gaming and adolescents: Should we be concerned and is regulation in sight?

⁶ Gambling Research Exchange Ontario. Children and Youth. <https://www.greo.ca/en/topics/children-and-youth.aspx>

⁷ Griffiths, M., Derevensky, J., & Parke, J. (2012). Online gambling among youth: Cause for concern?

⁸ Sanders, J. & Williams, R. (2019). The Relationship Between Video Gaming, Gambling and Problematic Levels of Video Gaming and Gambling.

Legal status

The Canadian Public Health Association defines gambling as “risking money or something of value on the outcome of an event involving chance when the probability of winning or losing is less than certain”.⁹ Regulators from across Europe and the US have begun to examine unlicensed third-party websites that encourage illegal gambling linked to video games.¹⁰ The UK Gambling Commission takes the view that ability to convert in-game items to cash, or trade them or other items of value, means they attain a real-world value and become an article of money.¹¹ However, governments and operators, including in BC and Canada, have not defined and articulated rules and procedures covering ‘gambling’ on social network sites.¹²

Counselling Trial Outcomes

Over the course of the trial, 16 counsellors saw 59 video gamers and 105 others concerned about a family member’s video gaming play. Slightly more than half of video gamers (34 youth) were below the age of 19.

Referrals to counsellors came from Child Youth Mental Health, schools and other community based allied professionals.

Overall, counsellors achieved good outcomes, with 74% of gamers reporting positive change, averaging five sessions per client, with an average treatment duration of 140 days. These outcomes were measured using the Outcome Rating Scale (ORS) which is used to rate how well the client perceives they are doing individually, interpersonally and socially in all aspects of their life.¹³

Service Provider Follow Up

Counsellors responded to the following post-trial questions:

1. Did you find a connection between video gaming and problem gambling through your service delivery? If yes, what is the connection?
2. Did you find in your service provision that video gaming leads to gambling? To problem gambling? If yes, in what ways?
3. Based on your service provision, what would you say is the impact of the inclusion of gambling-like activities in video gaming (e.g., loot boxes, casino games)? What are those activities?

Service providers found connections between video gaming and gambling in their work with youth, parents and adults. It was the counsellors' view that in video games, players are incentivized to make in-game purchases including loot boxes with unknown content. Older youth played and bet on Esports.

⁹ Korn, D. A., & Skinner, H. (2000). Canadian Public Health Association 2000 Position paper on gambling expansion in Canada, an emerging public health issue. Canadian Public Health Association 2000 Position Paper.

¹⁰ Castillo, D. (2019). Unpacking the Loot Box: How gambling’s latest monetization system flirts with traditional gambling methods.

¹¹ Gambling Commission. Young people and Gambling 2018: A research Study Among 11-16 year olds in Great Britain.

¹² The Australia Institute (2020). Gambling on Games: How video games expose children to gambling.

¹³ Based on MyOutcomes aggregate stats generated on Dec 18, 2019. With a minimal reliable dataset of 59 video gaming episodes, a positive treatment effect size of 0.07 was found, which compares favourably to expected outcomes found in randomized clinical trials. While the sample size is small, and outcomes need to be cautiously interpreted, this finding reflects well on the work done by the counsellors with this small client sample.

Direct promotion of gambling occurred via pop up ads and links for gambling sites, providing regular exposure to gambling and gambling opportunities. Some video games contained casino gambling simulation games. These gambling simulation games are designed so that the odds of winning are much higher than in casinos, which leads players to an inaccurate assessment of odds.

Anecdotally, youth identified that casino sites and loot boxes fit their definition of gambling. Players also reported playing video games that promoted gambling and holding side bets and wagers on games. Many parents described their child taking their credit cards to purchase in-game offerings such as weapons.

Conclusion

Counsellors were unable to ascertain definitively whether video gaming leads to gambling for people receiving services, and establishing this type of causal relationship would require a different type of study with a control group. They did, however, conclude that the inclusion of gambling-like activities and associated advertising in video games exposes video game players to gambling, and contributes to the normalization of gambling behaviour.

Recommendations

1. Given the small sample size in this clinical assessment, it is recommended that the UBC Research Centre be contracted to conduct a formal longitudinal study to evaluate the relationships between gaming and gambling that was reviewed in this clinical assessment.
2. Any consideration for the development of a provincial strategy will be informed by the results of such a longitudinal study.