

RESPONSIBLE GAMING

CONTEXT AND QUESTIONS

FOR THE INDUSTRY

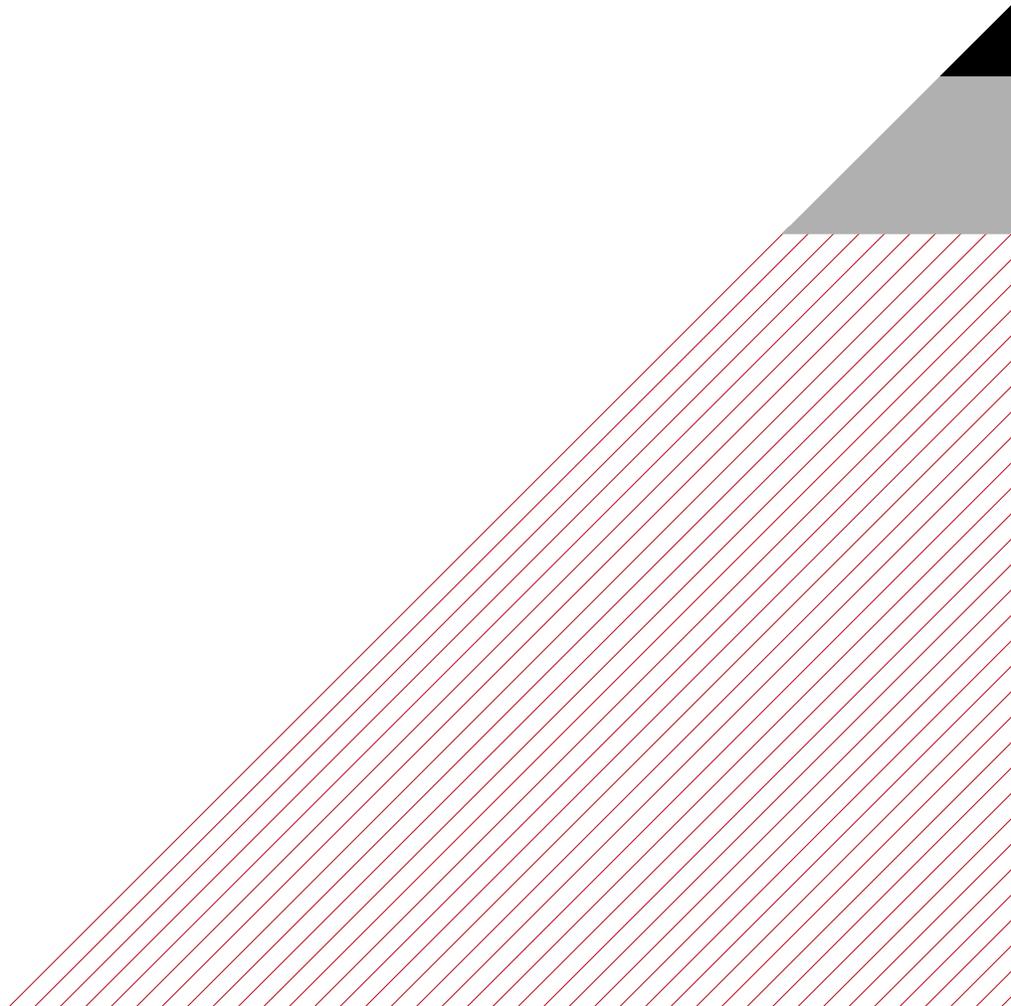


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ABSTRACT

To the often-unrecognized credit of the gaming industry; operators, manufacturers, testing labs, regulators, associations and governing bodies continuously seek to refine and redefine the relationship they have with patrons for the better.

Rules and standards are put in place, technology is developed, experiences are carefully created and curated to patrons both within the walls of casinos and now beyond, to the online space and even people's phones.

Why? It's all about integrity, transparency and above anything else, the concept of trust.

This unceasing drive to improve experiences and reinforce the relationship between the industry and patrons is just one of the elements of the industry that makes it so interesting and exciting for the people who work in it. Continuing this curve of innovation and assurance, gaming and associated bodies in the US started on an unexpected path in the last few decades around the concept of 'responsible gaming'.

As recently as April of this year, Geoff Freeman, previous president and CEO of the AGA commented:

"It's time to comprehensively review existing responsible gaming policies and regulations. We must drive a new discussion around proven, effective

programs and ensure that governments are appropriately allocating resources."

In the eyes of many, it seemed counterintuitive to the unfettered entertainment and unbridled money movement associated with the casino space.

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However, as science and statistics have been applied to the problems some people have with gambling, the industry has taken an extremely thoughtful, forward-looking and introspective look at the way it does business. What does this mean?

Alan Feldman, Executive VP of Global Industry Affairs at MGM and Chairman of the National Center for Responsible Gaming (NCRG), gave clarity in framing it this way:

“First off, academic and marketing statistics have proven that there is good news with gambling. Only 1% of the US gaming population shows addictive behavior regarding the wagers they place. An additional 5% displays some characteristics toward problem behavior, but upwards of 95% of the population is responsibly gambling today. These customers limit either or both the time and resources they put into their gambling with little to no external motivation or controls.”

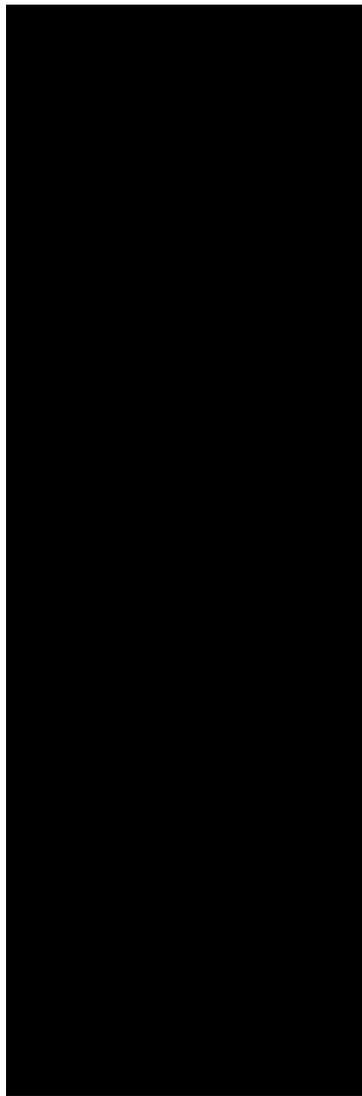
Feldman continued, “People have three big misconceptions around ‘responsible gambling’. The first is that it’s a bigger problem in society than it really is. Secondly, resources of the industry and groups like the NCRG are only working on moving the needle for that 1% with a clinically diagnosed problem. The third is that casinos want to have patrons gamble as much money as fast as possible no matter the outcome on their lives.

To be sure, ‘Responsible gambling’ is about the statistics, science and strategies to help the 1%, however, it’s also focused on keeping that 5% from developing real problems and, maybe most importantly, how to keep the 95% doing exactly what they’re doing today, which is having fun while responsibly playing. And as for the myth that casinos want people playing recklessly, that’s just false. These are our patrons. There isn’t a single person at MGM nor anywhere in the industry that would rather have someone play irresponsibly. In order for us to have a sustainable business, our patrons should play and enjoy themselves over many years.”

The purpose of this paper is not to be the final word on ‘responsible gaming’. Speaking with anyone from the American Gaming Association (AGA), to the National Center for Responsible Gaming (NCRG), to the National Council on Problem Gambling (NCPG) or industry insiders, it’s immediately apparent that the study of behaviors and tactics for intervention are just the tip of an iceberg constantly in motion.

Think of the expansion of sports betting, online gambling, new incentives that add excitement to one patron and hook another into unhealthy behavior. In short, ‘responsible gaming’ will never be something that can be boxed-up and deployed to solve the problem.

PROBLEM GAMBLING IN THE U.S.



Upwards of 95% of the population is responsibly gambling today



An additional 5% displays some characteristics toward problem behavior



1% problem gamblers

The purpose of these pages is threefold:

1.
PROVIDE HISTORICAL BACKSTORY
TO 'RESPONSIBLE GAMING'

2.
PROVIDE SOME ILLUMINATING
STATISTICS THAT HELP FRAME
HEALTHY GAMING VS. UNHEALTHY
GAMING

3.
POSE SOME OF THE QUESTIONS
STAKEHOLDERS MIGHT CONSIDER
ASKING THEMSELVES IN THE
YEARS TO COME RELATED TO
'RESPONSIBLE GAMING'

It's all about trust, and trust comes from a relationship. This paper is about how the gaming industry, academics and associations are investing in the relationship casinos have with patrons today and in the future.

RESPONSIBLE GAMING: A BRIEF HISTORY

The origin of 'responsible gaming' is almost impossible to definitively nail down. People, organizations and the industry have always had concerns for certain segments of the gambling population since the first bet was wagered. Additionally, as the gaming ecosystem has evolved and grown, so too have the worries. What hasn't changed are the central areas of concern that are the framework for 'responsible gaming':

How to ensure that gaming products are fair and random

How to set and enforce limits on underage gambling

How to identify, prevent and address fraudulent and criminal behavior

How to protect and insulate vulnerable players

How to protect and secure people's personal information

How to ensure that marketing is accurate and doesn't target certain segments (vulnerable and underage) of the population

How to determine and enforce what makes an operating environment safe and secure for patrons

How customer's concerns and complaints are addressed

Taking the conversation beyond the framework, Keith Whyte Executive Director, National Council on Problem Gambling (NCPG) elaborated on the evolution of 'responsible gaming':

“ADVOCACY AND PARTNERSHIPS WITH GAMING OPERATORS HAS BEEN THE PRIMARY DRIVER THAT’S TRANSFORMED THE AGENDA...”

“Advocacy and partnerships with gaming operators has been the primary driver that’s transformed the agenda from a well-intended initiative to a serious issue to study and address. There is no finish line, but careful study gets us closer to moving the needle in terms of helping people avoid problem gambling or getting away from negative behaviors.”

RESPONSIBLE GAMING: MYTH VS. FACT

Russell Sanna, Executive Director of the NCRG, is quick to point out that there might be more fiction around problem gaming than scientifically proven facts. The NCRG is committed to studying the problem and changing this equation. Highlighted in the NCRG's research are statistics that directly address three common myths:

1. THE SIZE OF THE PROBLEM

Myth: 6% of the population or higher has a gambling disorder

Fact: Study shows this number to be closer to 1% across the US population

2. ACCESS INCREASES THE PROBLEM

Myth: Expanded legalized gambling increases the % of people with a problem

Fact: The rate of gambling disorders has stayed at or around 1% for nearly 40 years

3. WHAT'S MOST ADDICTIVE

Myth: Slot machines are the most addictive element on a casino floor

Fact: No one game is 'riskier' than another

Going further with the facts and figures of the industry as provided by the NCRG:

- That **1%** of the population with gambling problem translates to **2.5 million people**
- More than **95%** of the people with a gambling disorder have **at least one other mental health disorder** (anxiety, depression, PTSD, etc.)
- **Two-thirds** of people with gambling disorders have **three or more other mental health disorders**

If you're squinting at the numbers thinking it's an incredibly complex problem, you're correct. The good news is that organizations and stakeholders across the industry are working everyday to move the needle on that 1%. A prime example is a recent study produced by the AGA that shows trends of problem gambling among many other statistics. This report address issues such as how employee training impacts people venturing into problem gambling, crypto currencies, 'loot boxes', how problem gambling intersects with sports betting and more.

The AGA and others are also making strides on digital addiction, online gambling, gaming advertising and calling other entities, including universities, to share information and insight. One recent initiative called, the “Responsible Gaming Collaborative” includes stakeholders from across the industry and beyond.

THE MISSION

Conduct a comprehensive review of current responsible gaming policies and regulations

Identify programs that work and those that fail to meet their objective

Study regulations to determine which are based on solid evidence

Determine whether government resources are being properly targeted toward effective programs and prevention

Develop a set of recommendations and industry best practices

Work with regulators and other stakeholders to understand the best approaches

Elaborating on this effort, Freeman remarked:

“THE WORD
‘COLLABORATIVE’
WAS CHOSEN
DELIBERATELY. OUR
GOAL IS TO WORK
WITH REGULATORS,
POLICYMAKERS,
EXPERTS,
ADVOCATES
AND OTHER
STAKEHOLDERS
TO FIND THE BEST
SOLUTIONS AND
DIRECT RESOURCES
TO THEM.”

RESPONSIBLE GAMING: WHAT'S NEXT?

As stated before, what's next is not the development of problem gambler radar, nor a pill to cure people. What's next are the questions that the industry must ask and answer, as well as what science and statistics must be applied from those answers to accomplish 3 goals:

- 1. Positively impact the 1% who display consistent, compulsive behavior**
- 2. Edge the 4-5% away from dangerous gaming tendencies**
- 3. Keep the 95% of today's casino patrons gaming in a healthy, controlled manner**

Below are some of essential inquiries posed by the "Responsible Gaming Collaborative" that the industry must ask itself. And just like the problem, the questions aren't even simple:

- How should "effectiveness" be defined?: Determine not only what works, but what can be implemented. Also, determine which programs and policies do not work; which are driven by political considerations and limited science; and which are not yet proven due to a lack of sufficient research or data.
- How should effectiveness be measured? Can we study and assess different

approaches to responsible gaming and examine their impact? How do we get the data we will need?

- How do we hold governments accountable for problem gambling treatment, funding and results?
- How might technology be leveraged to enhance responsible gaming?
- How do we deliver a better entertainment experience to consumers while not exacerbating problem gambling?
- Where do different stakeholders in the industry agree and disagree?

Today's gambling industry has clearly defined responsible gaming as an element that extends trust to patrons and a strategic business advantage. Where it goes from here will require thoughtful planning and careful consideration.

Stay tuned to BMM Testlabs, the American Gaming Association (americangaming.org), the National Center for Responsible Gaming (ncrg.org) and the National Council on Problem Gambling (ncpgambling.org) for insight, updates and resources.

BMM Testlabs is the longest established and most experienced private independent gaming testing laboratory in the world.

We have been serving the gaming industry for over 37 years. Our experience, expertise and dedication in this fast paced and evolving market ensures we always exceed client expectations.

National Problem Gambling Helpline 1-800-522-4700

The National Council on Problem Gambling operates the National Problem Gambling Helpline Network (1-800-522-4700). The network is a single national access point to local resources for those seeking help for a gambling problem. The network consists of 28 call centers which provide resources and referrals for all 50 states, Canada and the US Virgin Islands. Help is available 24/7 and is 100% confidential.

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