



Responsible Gaming

A Guide for Online Gaming

Introduction

The adrenaline of the poker table. The glitz and glamor of Vegas. Flashing lights of online games. It's easy to get caught up in gambling. And it seems that wherever humans gather, gambling ensues. A pair of dice was found in an Egyptian tomb, and the Romans invented the gambling chip.

Today, the US has 406 commercial casinos and 515 tribal casinos; 85% of US adults have gambled at least once.


As entertainment it's ideal. But what happens when the excitement of winning is too hard to walk away from? If entertainment turns into a habit, personal relationships suffer and finances are destroyed.

The consequences are widespread—the annual national social cost of problem gambling is \$7 billion. 2 million U.S. adults are estimated to meet the criteria for severe gambling problems in a given year.

Gambling is an unstoppable force, and so whatever issues arise, it's the gaming operators themselves who are best positioned to address them. While that fact may be a conundrum, any reputable gaming operation has a responsible gaming program in place. Required by the state, responsible gaming initiatives outline methods to both counteract problem gambling and hopefully identify risky behavior before it escalates.

But what happens when the gaming operator isn't a glamorous casino, but a device in a gambler's pocket? According to a report by the American Gaming Association, 3,000 internet gambling sites offer wagering on poker, sports, casino games, bingo, and the lottery. How can eGaming companies and digital casinos ensure they do no harm while still providing best-in-class entertainment?

This whitepaper will provide a suggested framework for responsible gaming in the digital age.



1 in 5 problem gamblers attempts suicide.

Responsible gambling is a set of social responsibility initiatives in public-private partnership, meant to shield individuals from the harms associated with compulsive gambling, while still allowing operators the freedom to grow their businesses.

The economic costs both to problem gamblers themselves, and the economy at large is staggering. One study of southern Nevada compulsive gamblers found that 22.9% quit work, 24.2% were fired, 15% were hospitalized for health problems related to gambling, and 45% had incurred personal bankruptcies.

Self Exclusion Lists For Commercial Casinos

Foundational to any responsible gaming initiative is the ability of gamers to exclude themselves from a casino or online wagering site. This method of self enforcement places most of the onus for recognizing addiction onto the gambler themselves, which has led some sociologists to call self exclusion a “PR measure.” But self exclusion does create an environment where casinos are at least somewhat required to prevent problem gamblers from continuing to gamble.

Self-excluded individuals are prohibited from collecting jackpots that require a W-2 G, recovering any losses, or accepting anything of value from a licensed gambling operator, but the self-excluded aren’t banned from the casino floor. Third party requests are not honored, and the exclusion time limit is set by the gamer, according to recommendations outlined by each state. Some states offer only a lifetime ban while others extend more flexible time-limits, allowing gamers to self-exclude for a year or two at a time. Licensees are discouraged from targeting the self-excluded individual with any marketing messages.

While self-exclusion lists are state-mandated, regulations and procedures are not uniform, with both states and gaming operators often maintaining separate lists.

Missouri was the first state to implement self exclusion in 1996. Most of the states that have adopted and implemented self-exclusion procedures have followed the National Gambling Impact Study Commission’s recommendation and adopted processes that release the commercial casino from any liability associated with the enforcement of a self-exclusion order, including protection from liability in the event a self-excluded person nonetheless enters a casino and gambles.

Caesars Entertainment was the first gaming *company* to offer self-exclusion programs at all of their properties in 1999. However, as of 2022 they are now additionally responsible for adhering to the state lists for each state in which they operate.

Tribal casinos, which have the exclusive right to regulate gaming on Indian lands as long as the gambling activity is not prohibited by state or federal law, also maintain self-exclusion lists. Though administering the lists present challenges, among them communicating with the states within which they are operating, tribal governments do have access to the National Center for Responsible Gaming (NCRG) responsible gaming programs.

This blend of private, tribal, and public exclusion makes for a confusing landscape. And all three instances remain incredibly difficult to enforce.

Enforcement challenges

The obvious question surrounding the enforcement of self-exclusion lists is this: how likely is it that casinos will bar their best clientele from gaming at their establishment? The American Gambling Association asserts that the industry goes above and beyond state requirements, devoting hundreds of millions of dollars each year to responsible gaming efforts. But conceptually, self exclusion seems like a conflict of interest, as casinos, by their very nature, exist to take money from consumers.

Caesars Entertainment says it’s in the industry’s best interest to ensure that their patrons are enjoying gambling in a healthy manner and for what it is—entertainment.

“Thirty years ago, we took the initiative to create the first responsible gaming program... We were determined to provide meaningful solutions for problem gambling. Since then, we have continuously

invested in cutting-edge research, training, and technology to create a holistic program that respects the privacy of our guests who need our intervention. We view Responsible Gaming as the concern of all Caesars' team members; it is central to how we operate as a business.”

Executive VP of Public Policy and Corporate Responsible Gaming
Caesars Entertainment

Additionally, there is no national database; gamers can cross into another state to gamble. One study, conducted by Harvard Medical School, followed 1,115 problem gamblers enrolled in the Missouri Voluntary Exclusion Program (MVEP). They discovered that **approximately 8% of self-excluders were able to trespass at Missouri casinos post-enrollment.**

And lastly, physical enforcement is difficult. Most casinos are not checking identity (or even verifying age) for entry to the casino floor. This means the self excluded cannot be identified upon arrival. Even if casinos are checking IDs either upon arrival, or at varying intervals, without a centralized banned list against which identities can be checked, casinos are challenged to actually exclude anyone.

For this reason, ID scanning that links to a centralized visitor management database is a crucial tool for preventing the self excluded from gaming. While scanning at casino entrances may not be feasible for large properties, ID scanning at the cage, even for small winnings, can deter problem gamblers from testing their luck.



36 states now offer legal sports betting or iGaming.

Digital Casinos and Self Exclusion

Responsibly managing a casino becomes even more challenging when that casino is online. Since 2020, more than 1,000 online gaming and betting sites have launched in the US alone. Although the legality of online gambling varies by state, many states have entered into cooperative pacts, such as the Multi-State Internet Gaming Agreement (MSIGA) which gives reciprocity between the states of Delaware, Nevada, New Jersey, and Michigan for the purposes of digital gambling.

“Normally, it takes a problem gambler a while to hit rock bottom and raise their hand. I thought we’d have six months to a year to sort things out, but people are losing everything in a weekend. The speed with which people are losing all their money has been shocking as far as I’m concerned.”

Diana Goode
Executive Director, Connecticut Council on Problem Gaming

When online gaming was legalized in Connecticut, major casinos Foxwoods and Mohegan Sun launched new applications. According to the Council calls were up 122% over the same period a year earlier - a worrisome trend with the new ubiquity of online gaming. Neither Foxwood or Mohegan Sun offer a unified process for self exclusion from both their brick-and-mortar and digital casinos.

Currently, gaming apps and online casinos are intended to utilize the self exclusion list for the state in which they are headquartered. But this is not done automatically. Additionally, without properly verifying identity at account initiation, the self-excluded can easily open new accounts.

And, since apps are available nationally, this exposes thousands of problem gamblers to apps which do not have them on an active self-exclusion list. Even multi-state contracts such as MSIGA do not offer the option to self exclude broadly. And in many cases, self-exclusion lists are not provided or uploaded to all apps which are available in a particular state.

ID Scanning for KYC

Most digital sportsbooks and betting apps require a photo ID for account initiation. This mobile ID validation falls under KYC, which is a requirement. This identity validation can be checked against existing self exclusion lists in both the state in which the app is headquartered, and the state of the gambler.

Modern KYC solutions typically require photos of the front and back of the user's ID (or a screenshot of a mobile ID) and then a selfie video that includes liveness checks. Matching between the ID and the selfie typically takes less than 15 seconds. To query the name against a third party database such as a self exclusion list would add only a few additional seconds. This process would ensure online casinos know their users and are making responsible decisions regarding who to allow inside their application.

Penalties & Consequences

UK-based online gaming company, LeoVegas, was recently fined \$1.6M for failing to set and adhere to responsible gaming policies, including KYC that took income and wealth of each gambler into effect when setting betting and spend limits.

In May 2022, Wind Creek Casino in Pennsylvania was fined \$20,000 for failure to identify a self-excluded individual who gambled over four days. Several other Pennsylvania casinos were likewise fined for failing to identify self excluded gamers on the floor.

Gaming Boards around the country have all made recent statements about the seriousness of maintaining self exclusion lists and banning excluded patrons from gaming.

1% of gamblers are considered problem gamers



Translating Traditional Responsible Gaming Requirements Into the Digital Channel

While responsible gaming restrictions and requirements for land-based casinos are well defined, they are much more nebulous for iGaming. No state has defined requirements and policies specific to online casinos.

Responsible Gaming Plan

Most states require land-based casinos to prepare and submit for approval a plan for addressing responsible gaming issues, such as employee training and public awareness efforts.

States should require that online casinos and eGaming sites also submit responsible gaming plans.

Property Signage

States may require that casinos post signs and offer resources designed to foster responsible gaming and identifying risks of problem gambling. This may include disclosing toll-free phone numbers and including responsible gaming messages in advertising.

Online casinos should also have required signage and links to problem gambling resources within two-clicks of any page on the site. States may require links to specific responsible gaming sites in the application footer, or pop ups at intervals throughout onboarding with signage.

Advertising Restrictions

<p>States may impose restrictions on the types and location of advertising and require that they not target minors.</p>	<p>Online casinos should be required to exclude the IP addresses of self-excluded individuals for digital marketing efforts, in addition to banning advertising to sites and digital locations frequented by minors.</p>
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Wager & Time Limits

<p>States advise casinos to set time limits for time spent on the casino floor. These can vary by game.</p>	<p>States with account-based online gaming or sports betting may implement mandatory wagering limits or require online operators to provide a mechanism through which patrons may establish self-imposed limits on deposits, losses, wagering amounts and time spent gambling.</p> <p>Online casinos can require third party income/credit checks on individuals who near thresholds for time or wager limits to create a risk profile for likelihood of becoming a problem gambler.</p>
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Self Exclusion

<p>All but 3 states offer some type of self exclusion program. Casinos must verify that an individual is not on a self exclusion list before payouts of winnings or jackpots.</p>	<p>Online casinos should use ID verification and KYC method to check identities of new accounts against the self-exclusion list either upon account creation, or jackpot payout.</p> <p>Self-exclusion lists should be shared between states and tribal entities to provide comprehensive coverage for problem gamblers, protecting them from applications hosted in other states.</p>
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Conclusion

Online gaming and sports betting are now legal in 36 states, but the industry is still in its infancy. As brick-and-mortar casinos, and new startups, look to capitalize on America's thirst for gambling, they turn to digital because of its ubiquitousness, and its relative lack of regulations.

But we believe the ease and speed of available KYC methods for digital casinos, and the scale of problem gaming at online gaming sites, will lead to rapid adoption of strict identity verification regulations. Fulfillment of these verification services will be done through established identity verification platforms, age verification tools, and add-ons to player loyalty programs.

To learn how IDScan.net can help your casino get ahead of compliance regulations, and promote responsible gaming, contact us at hello@idscan.net.

About IDScan.net

IDScan.net is the leading identity verification and authentication platform, powering turnkey software and flexible, customized ID solutions for more than 6,500 customers across a variety of industries. | www.idscan.net

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