

Gambling Related Financial Harm (GRFH)

Workshop #1 - Gambling block loopholes (24 Mar 2021)

Summary of key insights and proposed actions for all sectors to consider.

Gambling Related Financial Harm Insight Workshops bring sectors together to share knowledge and raise awareness about key and emerging issues relating to gambling and finances. In recent years, many UK banks have introduced powerful barriers to allow customers to block payments to gambling operators. The most recent workshop addressed loopholes in these blocks and explored how consumers continue to gamble despite an active gambling block in place. Participants discussed what measures could potentially be put in place and to provide a safer gambling landscape, particularly for more vulnerable gamblers.

The event was attended by 45 representatives from financial services (including banks, payment systems, electronic money institutions), debt advice sector, gambling businesses and gambling support services as well as people with lived experience of gambling harms. This is a summary of key insights from the workshop and proposed solutions for the sectors to consider. Recommendations were made by attendees from different organisations and GamCare would like to see a cross-sector response to drive these changes forward. We see the recommendations as 'everyone's business' and we believe that all organisations mentioned below could take an active role in preventing gambling related financial harms.

If you are already taking action to address any of these issues, please get in touch to let us know. Contact: Raminta Diliso raminta.diliso@gamcare.org.uk

 Insight/ Issue	 Ways this can be addressed	 Organisations and sectors involved
<p>Gambling operators accept a wide range of payment methods, such as (but not limited to): debit cards, digital wallets (or e-wallets), faster payments, pre-paid cards, cryptocurrencies. At the moment, there is little awareness of the multitude of payment methods that are used by gambling operators and the potential harm they may cause.</p>	<p>Gather and share information about different payment methods accepted by gambling operators and their popularity.</p>	<ul style="list-style-type: none"> ● Gambling Commission ● GambleAware ● Gambling operators ● Betting and Gaming Council ● Gambling support sector
<p>In recent years, many UK banks have launched their gambling blocks, which act as a powerful barrier to stop payments to gambling firms. At the moment these blocks can prevent only card-based deposit transactions that carry merchant category code (MCC). The fast-evolving payment and fintech landscape means consumers can choose between many payment methods to deposit money to a gambling account. Non-card transactions without MCC means the bank has a lack of visibility over the payment chain and is not able to stop these transactions despite an active gambling block being in place. For example, open banking initiated faster payments are gaining in popularity, but are not covered by merchant-based transaction blocking. Monzo are piloting an open banking transaction block with TrueLayer, but this enhancement means that only the open banking powered payments initiated by TrueLayer are blocked. If banks were to expand this solution, they would need to work with each individual open banking provider to ensure comprehensive coverage.</p>	<p>Establish a central repository of information about loopholes that allow problem gamblers circumvent various blocks.</p> <p>Banks and open banking payments providers could work together to enhance bank gambling blocks by stopping open banking initiated faster payments to gambling operators.</p>	<ul style="list-style-type: none"> ● Gambling support sector (GamCare, Gamban, GAMSTOP and TalkBanStop pilot) ● Banks ● UK Finance ● Open banking payment providers
<p>Faster payments (instant bank transfers) are another way to fund a betting account and tend to be the method of choice for large deposits and withdrawals (usually carrying the highest limits of all payment methods). Faster payments are also growing in popularity for consumers for retail transactions, as well as gambling. Faster payments to gambling operators are not currently covered by gambling blocks as the banks do not have access to the information needed to block them in advance. Unlike card payments, faster payments do not have an MCC code attached, as a result, these payments are not sent to the originating bank prior to the initiation of the transaction. Therefore, the bank does not know the purpose of the payment in advance of the transfer being executed - so cannot block it. For banks to be able to block these transfers and ensure that their gambling blocks remain effective, they need to access a central registry of bank account details for all gambling operators licenced in Great Britain. Without this information, banks wouldn't know if a customer is paying a gambling operator or any other business.</p>	<p>A central registry containing bank account details associated with gambling operators made available to banks.</p>	<ul style="list-style-type: none"> ● Betting and Gaming Council and its members

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<p>Electronic Money Institutions, or EMIs, (e.g. e-wallets, pre-paid cards) are widely accepted on gambling websites, provided the balance is not funded by a credit card. These account providers do not routinely offer gambling blocks - Revolut is the only pre-paid card provider on the market. Even if a consumer has a gambling block turned on in their primary current account with their bank, the bank's gambling blocks are ineffective if the customer chooses to fund their gambling account this way, as the bank has no visibility in regards to how the customer's e-wallet balance is being spent.</p>	<p>EMIs to offer their own gambling blocks to protect vulnerable customers who need additional friction in place.</p>	<ul style="list-style-type: none"> ● Electronic Money Association ● Electronic Money Institutions (EMIs)
<p>E-wallets can be linked to bank accounts and be used to fund a gambling account (provided the customer has sufficient funds in their current account). For example, by linking your bank account or card to a PayPal account, consumers don't have to enter card numbers or any personal information when making online payments and can check out with just an email address and password. However, when an e-wallet provider sends a request for funds to the bank, the merchant category code (MCC) is not shared as part of transactional data and gambling transactions are not stopped, deeming the bank's gambling block ineffective in such transactions.</p>	<p>EMIs and banks to consider how MCCs could be shared as part of transactional data in order to make bank gambling blocks more effective.</p>	<ul style="list-style-type: none"> ● Electronic Money Association ● EMIs ● Banks
<p>Self-exclusion schemes, blocking software and bank gambling blocks are important layers of protection for anyone struggling to control their gambling. GamCare/GAMSTOP/Gamban are currently piloting the TalkBanStop initiative, which brings services of these organisations together with additional support provided by the National Gambling Helpline. Some consumers may find this support landscape confusing and all sectors could do more to promote the benefits of a layered approach.</p>	<p>Better cross-referrals between financial services firms and TalkBanStop pilot members.</p>	<ul style="list-style-type: none"> ● Financial services ● Gambling support organisations (GamCare, GAMSTOP, Gamban)
<p>Consumers in the UK can still continue to gamble on international gambling platforms. Such gambling operators, licenced in other jurisdictions (or not licenced at all), often fail to offer similar consumer protections (e.g. ID and age verification, safer gambling messaging, deposit or time limits) and are not part of GAMSTOP. Access to black market gambling can cause significant harm to vulnerable customers in the UK trying to control their gambling.</p>	<p>More public awareness about recognising a regulated gambling operator and the dangers of gambling on unlicensed gambling platforms.</p>	<ul style="list-style-type: none"> ● Government ● Gambling Commission
	<p>Greater awareness for organisations and individuals about how to report illegal gambling activities, including information on what actions will be taken and expected timelines for sanctions.</p>	<ul style="list-style-type: none"> ● Gambling Commission
<p>Gambling platforms, mainly those operating in the black market, may be disguised as non-gambling by using an incorrect Merchant Category Code (MCC). International MCC for gambling is 7995, but black market operators have been found to be using different categories in an attempt to disguise gambling activities. When consumers make a transaction on these platforms, payments are not stopped despite the customer having an active bank gambling block in place. There is very limited awareness among bank staff and consumers that MCC misclassification is against the rules, how these malpractices can be reported and transactions to these merchants stopped.</p>	<p>Better monitoring of MCC use to detect gambling operators that have been misclassified.</p>	<ul style="list-style-type: none"> ● Acquiring banks (both traditional business banks or digital payment processors) ● Card networks (Visa, Mastercard, Amex)
	<p>An easy mechanism for consumers to report gambling block "fails" which can then be relayed to relevant parties.</p>	<ul style="list-style-type: none"> ● Banks ● Payment processors
	<p>All parties in the payment chain to work together to establish feedback loops to share information and report gambling merchants using incorrect MCC.</p>	<ul style="list-style-type: none"> ● Banks ● Payment processors ● Card networks
<p>Some payment providers/methods are known to enable black market gambling by offering their payment gateways on unlicensed gambling sites. Information about these payment providers could be critical in helping banks identify black market gambling so transactions to these merchants can be stopped as part of gambling blocks. It could also help other sectors (e.g. debt advice, lenders, open banking) identify gambling-related transactions.</p>	<p>Collate and share information about payment methods that enable black market gambling.</p>	<ul style="list-style-type: none"> ● Gambling support organisations ● Banks ● Gambling Commission