



## **Industry Position Paper on the proposed Cashless Gaming Regulation in NSW**

ATMIA believes consumers should have freedom of choice and are against consumers being profiled.

We believe in looking forward to a solution that does not unfairly discriminate against regular consumers. Introducing a cashless card that removes consumer choice in an attempt to prevent money laundering ignores the presence of more effective alternatives. Any solution to the issue of problem gambling must be guided by minimizing harm - the proposed cashless gaming card is a blunt solution to a complex problem.

**The NSW Government must look to the many compelling alternatives to cashless gaming cards instead of unfairly targeting thousands of small businesses and millions of law-abiding consumers.**

### **Background Facts**

On 25<sup>th</sup> March NSW has an election. The NSW Premier Dominic Perrottet – if re-elected- wants to introduce cards for gaming machines that include a daily spending limit of \$1000 to \$ 1500 as the upper limit.

The three reasons behind this decision:

- To minimize harm brought to the community via gambling addiction.
- To prevent the poker machines from being used to launder illegal funds.
- Banning the use of cash in poker machines and replacing it with a loaded card that can be used in the poker machine.

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## **Underlying Advantages of Cash for Gamblers**

Cash is safe, private, reliable, surcharge-free and a powerful budgeting tool. For gamblers, budgeting and privacy are key reasons to use cash.

## **Budgeting and Harm minimisation**

Physical notes and coins are the most powerful harm minimisation tool available to gamblers.

Australia's leading anti-gambling researchers, Dr Sally Gainsbury and Professor Alex Blaszczynski from the University of Sydney state very clearly that cash has big advantages for gamblers.

***"The preference for the use of cash in gambling is often predicated on physical cash being a tangible way of limiting expenditure and the capacity for cash to impose breaks in play as a self-reappraisal harm-minimisation strategy."***

In their seminal research paper on digital gaming Gainsbury and Blaszczynski note that:

***"... consumers tend to spend more and are less aware of their expenditure when transacting electronically compared to when using cash."***

Assisting gamblers to limit their spending to their own pre-set budget can be achieved by:

- Locating cash access points like ATMs and EFTPOS terminals away from gaming rooms/floors.
- Limiting cash withdrawals from ATMs in or near gaming venues to (say) \$200.
- Time limiting cash withdrawals from ATMs in or near gaming venues to (say) one withdrawal per two hour period.
- Providing harm minimisation messaging onscreen at ATMs and on receipts issued by ATMs.

Assisting problem gamblers can be achieved through:

- Central self-exclusion registers.
- Facial recognition at all gaming venues.

All these measures have been successfully implemented in whole or part in various jurisdictions within Australia.

## **Privacy**

Cash provides a level of control and privacy that can't be matched by digital transactions. Responsible gamblers may want to keep their spending data private for many legitimate reasons.

Mortgage brokers warn prospective mortgage applicants that their [gambling expenditure can lead to loan applications being rejected](#) or questioned. Loan insurers also shy away from borrowers who regularly spend money on gambling.

Punters looking to borrow more than 80 per cent of value of the property are in a "danger zone," Loanworx chief executive Pauline Ryan told Domain, because buyers borrowing with high loan-to-value ratios need lender's mortgage insurance, and insurers steer clear of gamblers.

"... regular examples of gambling that show up in your financial records could hurt your borrowing power or result in a rejected application," wrote [Richard Whitten for Finder.com.au](#).

"What might seem to you like a harmless punt on a Friday night could have the potential to significantly impact your home loan," [warns Ratecity.com.au](#).

"Recurring gambling transactions on a borrower's bank statement can be a red flag to lenders and could lead to the home loan application being rejected ..."

## **Downsides of digital payments for gambling**

Digital payments can [reduce awareness of how much an individual is spending](#) says Dr Sally Gainsbury and Professor Alex Blaszczynski.

Withdrawing cash "allows people to mentally pre-commit to the amount they would like to spend."

"When people run out of cash, it requires that they stop gambling or to take a break when they want to take out more money to gamble."

So Gainsbury and Blaszczynski say any cashless gambling strategy must:

“... offset the potential harms which may be created by digital payment systems ... ”

They suggest eight changes to digital transaction systems to provide some protection for gamblers. These include adding age verification to digital payments, establishing player accounts linked to a central self-exclusion register and the tracking of all digital payments. None of the proposed changes to digital payments in gambling are completely reliable.

Cybersecurity and VPN researcher [Alex Zlatanovic](#) says using Paypal or other e-wallets, cryptocurrencies, pre-paid gift cards or proxy servers are just a few of the methods available to [gamblers wishing to hide their transactions](#).

Online privacy expert Bram Jansen has identified [eleven ways to hide online gambling transactions](#) and one of them is as simple as turning on private browsing.

“You can hide your online gambling transactions from everyone by using a VPN, depositing gambling funds with alternative payment options, withdrawing your earnings into anonymous accounts, using a proxy server, or browsing gambling websites privately.”

### **Threat of online gambling**

“Internet (online) gambling poses unique problems related to electronic payment and constant availability,” say Dr Sally Gainsbury and Alex Russell who conducted a survey of 2799 Australian internet gamblers.

They reported “internet gambling offers unique features that may facilitate the development or exacerbation of gambling disorders. Higher rates of disordered gambling have been found amongst Internet than with land-based gamblers ...”

Online problem gamblers “were younger, less educated, had higher household debt, lost more money and gambled on a greater number of activities, and were more likely to use drugs while gambling.”

### **Problem gamblers are motivated to find another way ..**

“A significant proportion of Internet problem gambling respondents also had problems related to terrestrial gambling, highlighting the importance of considering overall gambling involvement when examining subgroups of gamblers,” reported Gainsbury and Russell.

This indicates that government regulations and policies need to consider all forms of gambling rather than target one segment in isolation. For example, placing restrictions on poker machine gaming will probably drive problem

gamblers to other form of gaming, like online gambling rather than stop them gambling altogether.

and form It is argued that policy makers should consider carefully how features of Internet gambling contribute to gambling disorders requiring the implementation of evidence-based responsible gambling strategies.

### **Alternative way forward**

The NSW government forecasts tax revenue from clubs, pubs and casino operations of around \$2.426 billion in 2022/23. This represents about 7 per cent of total tax income.

The government's Responsible Gambling Fund, is spending **\$33 million** in 2022-23 to support people experiencing gambling harm, educating the community on the risks of gambling and investing in research to better understand gambling behaviour. *\*source – NSW Government 22/23 Budget papers.*

The Commonwealth parliament's Standing Committee on Social Policy and Legal Affairs adopted an inquiry into online gambling and its impacts on problem gamblers in September 2022 following a referral from the Minister for Social Services, the Hon Amanda Rishworth MP.

The cash industry believes governments should support harm minimisation in gambling as much as possible. There is enough revenue from gaming to provide for additional support and education programs.

### **A possible way forward could encompass:**

- A lead role from the commonwealth government.
- A strategy that covers online and in-venue gambling to prevent gamblers simply moving their spend around to avoid restrictions.
- Limiting or banning television, print and online advertising of all gambling.
- Centralised self-exclusion register.
- Facial recognition in all poker machine venues.
- Locating cash access points away from gaming rooms and floors.

## **Conclusions**

The cashless gaming card proposal represents an ineffective solution to a number of complex and important problems. Rather than working with the community to address the scourges of money laundering and problem gambling, it will result in businesses and consumers being unfairly disadvantaged and targeted.

There are many solutions which will empower small businesses and consumers to work with the government. From implementing self-exclusion registers, to harnessing major advances in facial recognition technology to counteract money laundering, there is no shortage of alternatives to the cashless gaming card proposal. Importantly, many of these alternatives will result in better outcomes for **all** parties involved.

It is time for the true picture of cash use to be fairly represented in the media, in place of the current counterproductive and absurd anti-cash bias.