



## **Gambling Related Harm All-Party Parliamentary Group**

### **The sixth inquiry session of the Gambling Related Harm All Party Parliamentary Group's Inquiry into: "Online Gambling – Assessing the impact"**

**Date:** Wednesday 4<sup>th</sup> September

**Time:** 2pm – 4.00pm

**Location:** Committee Room 9, Palace of Westminster

**Chair:** Carolyn Harris MP

**Minutes taken by:** Tosin Adedayo, Interel UK

#### **Evidence Heard From:**

- John Coates, Joint Chief Executive, Bet365
- Phil Walker, MD of Online for the UK and Ireland, William Hill
- Ian Proctor, CEO, Sky Betting and Gaming
- Dan Taylor, CEO of Europe, Flutter Entertainment
- Phil Cronin, CEO, Tombola

#### **Members Present**

- Carolyn Harris MP
- Ronnie Cowan MP
- Rt Hon Iain Duncan Smith MP
- Gerald Jones MP

#### **Session began at 2:10pm**

- **Carolyn Harris MP** began by welcoming the witnesses and the audience to the session. She noted the absence of three witnesses who had pulled out of the session, 'apparently due to other business commitments'. She said these 'commitments' arose immediately after she was sent an email from an individual who had been harmed by GVC holdings which copied in Kenny Alexander the CEO.
- She added that it is simply indefensible that Kenny Alexander of GVC, Philip Bowcock of William Hill and Peter Jackson of Flutter are prepared to meet with Parliamentarians in private but are too cowardly to speak publicly about their actions.
- She welcomed John Coates, Joint Chief Executive, Bet365, Phil Walker, MD of Online for the UK and Ireland, William Hill, Ian Proctor, CEO, Sky Betting and Gaming, Dan Taylor, CEO of Europe, Flutter Entertainment and Phil Cronin, CEO, Tombola and thanked them for attending the meeting.
- The Chair then invited the witnesses to give short introductory remarks.

- **Dan Taylor** introduced himself stating that he took up his current role 18 months ago. From his testimony, he hoped that the group would see an industry committed to safer gambling. He acknowledged that the way businesses had addressed this topic in the past had been insufficient. He said the industry had taken actions to address some of the concerns around gambling related harm, however recognised that there is still some way to go and for him it is a non-negotiable part of his company's strategy and it is critical to the future sustainability of the Paddy Power Betfair business.
- **Ian Proctor** introduced himself as CEO of Sky Betting and Gaming and thanked the group for the invitation and looked forward to an open and constructive dialogue.
- **Phil Walker** said William Hill recognised the public concerns of safer gambling which they are working hard to address and welcomed the opportunity to speak to the group.
- **John Coates** said he co-founded Bet365 with his sister in the year 2000. His current role to help set standards and values across the business and to help provide industry leading player protection. He hoped to have a constructive discussion with the group and as he believed they share a common goal.
- **Phil Cronin** began by introducing himself as CEO of Tombola, a sustainable business based on value for money, low stakes and the community. These principles he believed were crucial to the success of the business.
- **Carolyn Harris MP** asked the panel, "If there was a move to require online operators to have all key operational functions in Britain would you agree with that?"
  - **Ian Proctor** – There are different commercial pressures for each operator, therefore it is a decision for each company to make. Sky Bet has all its operations in Britain and that was a decision the company made.
  - **Dan Taylor** – Paddy Power Betfair operates in multi-markets across the world, so they would be in favour of allowing business to recruit where the talent is and allow that flexibility to operate globally although a significant portion of the business is based in the UK.
- **Carolyn Harris MP** asked "If there was a move to require all *affiliates* to be British-based and paying British taxes would any of you oppose this?"
  - **Dan Taylor** – Paddy Power is supportive of all affiliates working in the UK market to be licensed and held to the same accountability as operators. However, affiliates in markets around the world should be free to operate in the markets in which they operate.
  - **Ian Proctor** – Agreed with Dan Taylor, adding that it was less about where the affiliates were based but that they operate to the same standards and controls as if they were based in the UK.
  - **John Coates and Phil Walker** agreed with the previous answers.
  - **Phil Cronin** – said Tombola did not operate with affiliates
- **Carolyn Harris MP** asked **Phil Cronin** why Tombola chose to restrict stakes on their website.

- **Phil Cronin** – Tombola is built on a sustainable business model and when starting the business, he was more concerned about keeping long-term customers and limiting stakes to £2 on the Tombola website does allow them to provide that. He noted that the Tombola business model was significantly different from other operators and what Tombola offered was on the soft-end of gambling.
- **Carolyn Harris MP** asked why the other operators had not put stake limits on their websites.
  - **John Coates** – Bet365 had not put limits because it felt that as an online business it was able to manage and monitor gambling behaviour and was able to put checks in to detect problematic gambling and manage the risks accordingly.
  - **PHIL WALKER** – said he agreed with JOHN COATES and their customers are required to register to their website so they are able to intervene when problem gambling is detected.
  - **IAN PROCTOR** – also agreed and added that Sky Bet is a high volume business. Over the last year they had 3 million customers and over 100 million deposits . The use of data therefore is very important to the business, as it allows them to determine what an individual’s level of affordability might be.
  - **Dan Taylor** –Paddy Power Betfair customers on average stake below £10. It is important to note that what might be affordable for one individual might not be for another. They are focused on making sure the right protections are in place for those who might need it.
- **Carolyn Harris MP** then asked what mechanism is used to determine what is affordable?
  - **Dan Taylor** – Paddy Power Betfair carries out a ‘Source of Funds’ check when a customer hits a certain threshold. They then ask the customer to provide them with information on their source of income or wealth. If that customer is unable to provide this, they look to close such accounts.
- **Carolyn Harris MP** said she would be interested in seeing such a system.
  - **Ian Proctor** – Sky Bet has a similar policy.
- **Carolyn Harris MP** asked at what level of betting these checks carried out.
  - **Ian Proctor** – They have different thresholds such as the length of time a customer has been betting with them. There are different circumstances.
  - **John Coates** – similar policy at Bet 365.
- **Carolyn Harris MP** asked that if it is the case that they all have affordability checks why has she been contacted by people who say they their affordability was never questioned even when they spent extraordinary amounts of money.
  - **Ian Proctor** – The industry has improved in the last few years and there has been a huge shift in the industry, however admits it may not have been as good in the past.
  - **Phil Walker** – In the past five years they didn’t require as much information as they do now.
  - **John Coates** – agreed that there has been a change in the past 5 years.

- **Dan Taylor** – there has been a substantial change in practices and the industry is learning from its mistakes.
- **Phil Cronin** – Working together and with the Gambling Commission will lead to better practices.
- **John Coates** – Offered to show the Chair how these policy is implement in practice.
  
- **Carolyn Harris MP** said despite their claims the instances she described were historic, she had recent evidence of 3 of the companies not doing background checks.
  
- **Ronnie Cowan MP** asked what had to happen for them to learn they needed to change the industry.
  - **Dan Taylor** – They had to learn from past cases.
  - **Phil Walker** – The industry had advanced and has learnt from the mistakes.
  - **Ian Proctor** – Sky betting had a realisation that they needed to do better.
  - **John Coates** – They had a number of ‘customer cases’, where people were gambling stolen money for example and they worked to address those.
  
- **Ronnie Cowan MP** asked if they disagreed that a high maximum stake with a range of staking options encourages players to stake up and chase their loses?
  - **Ian Proctor** – Sky Bet needs to look at the data and information that it possess to see how each customer is actually doing and whether they need to intervene or not. But, each game is different by nature, because they all have different features.
  - **Phil Walker** – They try and spot people chasing their loses as that is one of their primary reasons for intervention.
  - **John Coates** – agreed that loss chasing is a clear marker of harm. They try and interact with customers who exhibit such behaviour and if it continues they close down these accounts. Bet365 have 22 markers of harm.
  
- **Iain Duncan Smith MP** asked three questions, firstly how does a player become a member of the VIP Lounge? How much do they have to spend to qualify and how much of your profits as a percentage come from VIP players
  - **John Coates** – They do not have a massive VIP area, and anyone who is a member has to pass a source of funds check.
  - **Phil Walker** – Agreed with John Coates, that it is a very small part of the business but the members do spend more than recreational users.
  - **Ian Proctor** – They have a high value tier but their focus is on gamblers who spend less than £10.
  - **Dan Taylor** – Source of funds check must be carried out, but the VIP lounge is a very small area of the business.
  - **Phil Cronin** – Tombola does not have one, it is not part of the business model and never has been.
  
- **Iain Duncan-Smith MP** asked if the VIP lounges are so small and such an inconsequential part of the business, why have them?
  - **Phil Walker** – They have values as individuals yes, but they probably represent around 10% of profits.

- **John Coates** – It is commercially sensitive, but they are not massively significant.
- **Dan Taylor** – Estimates around 10% of value.
- **Iain Duncan Smith MP** asked what percentage of VIP accounts get shut down.
  - **Phil Walker** – in the last year about 30% of accounts were closed.
  - **Ian Proctor** – They close more of the higher value accounts than the low value accounts by proportion.
  - **Dan Taylor** – They intervene in 70,000 accounts a month, significantly more than it was historically.
- **Iain Duncan Smith MP** then said they had in effect admitted that the more people spend the higher risk they are of having a problem, so why then would they encourage people to spend more if they know it's going to cause harm?
  - **Ian Proctor** – For some people spending a lot of money is fun and recreational.
  - **Dan Taylor** – The market is competitive and all the companies are trying to win customers from each other.
  - **Phil Walker** – They do incentivise people they believe can afford to, to spend more and be in the VIP group
  - **Phil Walker** and **John Coates** accepted they do as well.
- **Ronnie Cowan MP** asked what percentage of their gross yield came from problem gamblers and at risk gamblers.
  - **Phil Walker** – It is a small percentage, but could not answer with an exact figure, but they will write to the group.
  - **Dan Taylor** – if 0.5-0.6% of the population are at risk, so their estimated figures are 'low single figures'.
  - **Ian Proctor** – If they think that someone is a problem gambler they intervene, but he did not know the specific number.
  - **John Coates** – It is a difficult question to answer. They seek to prevent people going down the problem gambling route.
- **Ronnie Cowan MP** asked the panel to write the group on the exact figure because the figures they had showed that problem gamblers account for more than 50% of profits.
- **Ronnie Cowan MP** asked what percentage of their customers were net winners?
  - **Dan Taylor** – Paddy Power have an exchange product called the Betfair exchange product and many people make a good living off of that. However, he did not know the figures of the number of net winners.
- **Ronnie Cowan MP** said online gambling businesses are based on data so it is surprising that they could not provide a clear answer despite collating data on their customers.
  - **Ian Proctor** – Under 20% of its customers.
  - **Phil Walker** – This is similar for William Hill.
- **Ronnie Cowan MP** asked how they would define a problem gambler?
  - **Phil Walker** – said that they analyse all customers and make 'high risk scores' to see who is most at risk and then act accordingly, but the problem gambler term is a clinical one.

- **Ronnie Cowan MP** asked if the panel would oppose a ban of credit cards for remote gambling?
  - **Phil Walker** – Said it would not be necessary to ban credit cards as it is a complicated issue, and because it's one of William Hill's markers for intervention it is helpful in detecting harm.
  - **Dan Taylor** – Paddy Power Betfair does not want people betting more than they can afford to.
  - **Ian Proctor** – People who have one credit card are usually at a lower risk than people using debit cards, its only multiple credit cards, that are a concern.
  - **Phil Cronin** – Tombola has started phasing out the use of credit cards on their website.
  - **Dan Taylor, Ian Proctor, Phil Walker** and **John Coates** refused to support a ban on credit cards.
- **Carolyn Harris MP** asked what percentage of VIPs are problem or at risk gamblers?
  - **Dan Taylor** – Did not have the number.
  - **Ian Proctor** – Assumed the figure is close to the national average of 0.5-0.6%.
  - **Phil Walker** – It is likely to be just above the national average.
- **Gerald Jones MP** asked what would be the affordable level of losses for someone on an average salary, over a year. Is there any work done to identify this?
  - **John Coates** – They were working on this at the moment. (Indistinct 53:02)
  - **Ian Proctor** – Affordability is not only to do with salaries. More context is needed to identify a threshold.
  - **Dan Taylor** – Paddy Power is working with many third parties to work out what is affordable for customers.
  - **Phil Cronin** – Tombola has a dedicated intervention team. They are trying to drive down the average spend per player.
- **Ronnie Cowan MP** asked if the panel would oppose a mandatory levy?
  - **Dan Taylor** – Independently they have come forward as an operator to commit to 1% of their gross yield.
  - **Ian Proctor** – Sky Bet can see benefits of a mandatory levy. They would support a mandatory levy but think that voluntary approach should be given a chance
  - **Phil Walker** – It's for the government to decide. He can see benefits of it, and William Hill probably would support it yes.
- **Carolyn Harris MP** asked for the panel's thoughts on parity of stakes online and off line.
  - **Dan Taylor** – The online and land based gambling sector are different because of the data. The online sector is able to collate data on players which enables them to intervene where necessary, this is not the same offline. Paddy Power supported calls for a stake reduction on Fixed Odds Betting Terminals (FOBT) but we know enough about online customers.

- **Ian Proctor** – Agreed with Paddy Power that a blanket limit is not the way to go online as it may run into other consequences.
  - **Phil Walker** – Agreed.
  - **John Coates** – Agreed.
  
- **Carolyn Harris MP** asked If the panel is concerned that there are people out there who are able to lose thousands and thousands of pounds a minute online?
  - **Dan Taylor** – would like to think that the industry can get to a point where that does not happen, and there has been tremendous progress made to address this.
  - **Ian Proctor** – agreed and said it is unacceptable that this can happen, and they industry needs to do more to put a stop to it.
  - **Phil Cronin** – Players cannot do this on Tombola.
  
- **Carolyn Harris MP** asked how many times a customer had to inform them of their problem before they intervene.
  - **Dan Taylor** – If a customer informed them of their problem with gambling, Paddy Power Betfair would close their account. can never bet with us again. Paddy Power Betfair were often the ones telling customers that they should impose bans and limits and other controls on their account.
  - The other panel members agreed.
  
- **Carolyn Harris MP** said she had evidence from people who tried numerous times to inform the panel's companies, except tombola, that they had gambling problems, within half an hour before this meeting someone who said they were contemplating suicide and someone who asked to self-exclude sent emails from their companies trying to get them to come back and play, there was even an email where someone had self-excluded and they were then sent more emails telling them how to get back online.
  
- **Ronnie Cowan MP** asked if any of the panel would disagree with the Gambling Commission and the Advisory Board for Safer Gambling being in charge of distributing this funding for research and treatment?
  - **Phil Walker** – Could not answer that, but it is a potential.
  - **Ian Proctor** – That should be up for consideration along with other options.
  - **Dan Taylor** – They will support what the government says.
  - John Coates – Agreed with Dan Taylor.
  
- **Ronnie Cowan MP** asked if any of the panel would oppose a new system of recourse for vulnerable gamblers or gambler disputes such as an Ombudsman?
  - **Dan Taylor** – Good and clear regulation is a good thing.
  
- **Gerald Jones MP** asked if the panel would be in favour of a ban on sports advertising.
  - **Dan Taylor** –Paddy Power Betfair would be supportive of sports shirt bans.
  - **Ian Proctor** – Sky Bet use lots of its advertising to promote sensible gambling.
  - **Phil Cronin** – Advertising is important to the business but they will always adhere to regulation.

- **Gerald Jones MP** asked if any of the panel would oppose a sector-wide ban on free bets, sign-up bonuses and all such incentives?
  - **Phil Walker**- Would not support that
  - **Ian Proctor**- Neither would he.
  - **Dan Taylor**- Neither would he.
- **Carolyn Harris MP** asked if they had externally provided software to help identify dangerous gambling behavior, and if so who?
  - **Dan Taylor**- Paddy Power's is internal
  - All others agree
- **Carolyn Harris MP** asked if they had software to potential identify fraud or money laundering
  - All do.
  - None of them knew the names of the providers.
- **Carolyn Harris MP** asked if they have software to prevent harm of young and vulnerable gamblers
  - **Ian Proctor**- When customers sign up Sky Bet use a variety of databases to ensure that they are not underage.
  - **Dan Taylor** –They rely on databases to make sure all customers are KYC'ed and are of the appropriate age.
- **Carolyn Harris MP** explained a scenario if 'John Davis' were to use 'Mary Davis' card would that not be possible?
  - **Dan Taylor**- Definitely not since earlier this year, before that he would have to check.
- **Carolyn Harris MP** said she had evidence of someone who used his mother's debit card at one of their companies and spent a lot of money. She said she would be happy to share this cases with them so that they can explain how that happened.
- **Carolyn Harris MP** asked William Hill and Flutter, since the stake reduction to £2, comparing the first quarter with the same quarter the previous year, has there been any change in the frequency of:
  - Damage to machines or premises
  - Police call outs
  - Self-exclusions
  - Age interventions
  - Disordered gambling interventions
  - Attacks against employees
  - **Phil Walker**- said he unfortunately did not any of the figures available.
  - **Dan Taylor**- similarly did not have them now but can provide them later.
- **Carolyn Harris MP** asked how the FOBT stake reduction had affected their business.
  - **Dan Taylor**- Said Paddy Power were supportive of reducing the maximum FOBT stake, because they recognised it was a critical public concern, and the industry should have been more proactive and make the changes itself and it was a failing on their part not to do that. The lesson learnt is that the industry must take action themselves in the

future. Yes it has impacted the business, as they have a relatively smaller retail estate but profits have declined as they fully expected.

**Carolyn Harris MP** asked if they were aware that some games that are banned in land based venues and are available online. Are they comfortable with it?

- **Ian Proctor**- Said it is true there are a lot of games online that would not be allowed in land based gambling, but that is for commercial reasons more than anything else.
- **Phil Cronin**- Tombola designs its own games, there are no third parties involved, and they design them in accordance to regulation.
- **Carolyn Harris MP** said the panel to defend the statement that the online gambling sector is akin to the 'wild west'.
  - **Ian Proctor**- Historically, he can understand why people would have thought that, however, they have made a lot of progress in the last two or three years.
  - **Phil Walker**- Wanted to stress that all William Hill's software is checked and their games are checked.
  - **John Coates**- Bet365 is one of those businesses that have a genuine commitment to leading the industry forward.
  - **Phil Cronin**- Tombola has always been proud of its fundamental approach, they will always cooperate with the Gambling Commission and the sense of momentum is positive.
- **Carolyn Harris MP** said one of the recent accusations made against some of the gambling companies is that they used NDAs to stop people sharing their experiences and also stopping people helping other gamblers. She asked if any of the panel had used an NDA before to silence someone? Including speaking to the press, the gambling commission, and publicly.
  - **Dan Taylor**- Paddy Power Betfair would never do that.
  - **Ian Proctor, Phil Walker** and **Phil Cronin** said they had not either.
  - **John Coates**- Said although he is the CEO, he could not say for sure as he is not aware of every single thing that happens in the business, but he would have thought not.
- **Ronnie Cowan MP** asked how much the companies spend last year on RET (research, education and treatment)?
  - **Phil Walker**- 0.4% to Gamble aware, and by 2023 it will be 1%.
- **Ronnie Cowan MP** asked the companies were waiting until 2023 to commit 1%? If it is an appropriate level why are they not spending 1% now?
  - **John Coates**- GambleAware currently sits on surplus funds. And the agreement was that if there was evidence of needing to achieve the 1% before 2013 then that would be met, but if not then the target is still 2023.
  - **Ian Proctor**- SkyBet spend 1.5% but they have spent lots of money on other things related to the subject.
  - **Dan Taylor**- Paddy Power Betfair will support an increase of funding if it is found that that is what is needed.
- **Ronnie Cowan MP** said the industry is coming up with £14 million a year as an industry, what about £40 million? Do they think that is sufficient?

- **Phil Walker**- I don't know
- **John Coates**- If they come back to the national strategy, they set out what was needed for RET. If they required more the industry would have to have a look at that.
- **Carolyn Harris MP** asked if a new Gambling Act incorporated a duty of care, should that lie with the Gambling Commission, or with the operators or both?
  - **Dan Taylor**- said he thinks operators have a responsibility to their customers and they should intervene if they see a problem.
  - **Ian Proctor**- Agreed that they have a responsibility for their customers. They are licensed by the Gambling Commission, and through that process they are responsible to be compliant to conditions of their license and that should be withdrawn if they are not compliant.
  - **Phil Cronin**- They are conscious of their responsibility.
- **Carolyn Harris MP** pushed further for a straight response.
  - The panel all agreed that it should like with both the Gambling Commission and Operators.
- **Carolyn Harris MP** asked the panel if they gambled and if so what is the biggest bet you've ever placed?
  - **Phil Cronin**- said he was not a big gambler, maybe £50.
  - **John Coates**- Due to his position at Stoke City football club he cannot, but before that maybe £50.
  - **Phil Walker**- £50 maximum.
  - **Ian Proctor**- Does gamble, the most would be a few hundred quid.
  - **Dan Taylor**- Maybe £100.
- **Carolyn Harris MP** asked what their pay package was last year including bonus' and incentives?
  - **Dan Taylor**- His pay package is not on the public record, it is certainly a modest sum, consistent with his salary outside the industry, less than £500,000.
  - **Ian Proctor**-So is his.
  - **Phil Walker**- So is his.
  - **John Coates**- It was more than £500,000.
  - **Phil Cronin**- Owns the business, so he takes a salary of less than £100,000 but the business is obviously worth a lot.
- **Carolyn Harris MP** asked if they agreed that the industry has done harm? Some people in here have lost loved ones, their homes, their jobs, and all have lost their dignity, would they like to say sorry?
  - **Dan Taylor**- Recognises the industry has got things wrong and harmed people and they must do better.
  - **Ian Proctor**- Said he would echo that, historically they have got things wrong.
  - **Phil Walker**- Agreed.
  - **John Coates**- Agreed.
  - **Phil Cronin**- There is no doubt people have been harmed.
- **Carolyn Harris MP** asked if any of them were prepared to say sorry?
  - **Dan Taylor**- I'd say sorry
  - **Ian Proctor**- Yep, sorry

- Others nodded and agreed.
- **Carolyn Harris MP** thanked the panel for attending and said she looked forward to their written answers to the questions they were unable to answer.

**The session ended at 3.50pm**

**External Guests**

Aaron Mansfield	RSPH
Adam Bradford	Safer Gambling Group
Adam Brickell	Sky Bet
Alex Macey	Former Gambler
Alexis Cochran	Former Gambler
Ann Webster	Conservative Christian Fellowship
Anna Hemmings	GamCare
Anna Van der Gaag	ABSG
Balshen Izzet	Gambling Commission
Becky Milligan	BBC R4
Ben Wright	Sky Bet
Brian Chappell	Justice for Punters
Charles Ritchie	Gambling with Lives
Chris Butler	Novomatic
Ciaran O'Brien	William Hill
Craig	
Daniel Bliss	Gambling Commission
Danny Cheetham	Former Gambler
David Altaner	Gambling Compliance
Dean Duke	Hanover/Paddy Power
Derek Lloyd	Football Pools
Eleanor Curry	DCMS
Elizabeth Speed	Novomatic
Emma Mascal	Camelot
Joanna Baxter	GamStop
Gabi Stergides	Electrocoin
Gary Folis	ABB
Jake Evans	EGR
James Miller	Funstation
Jo Holloway	Gambling with Lives
Joe Potter	Samaritans
Dan Waugh	Regulus Partner
John Coates	BET 365 - witness

John Stergides	Electrocoin
Jon Duffy	Genting UK
Kate Roche	ASA
Lisa Morgan	Castle Bingo
Liz Ritchie	Gambling with Lives
Martin Jones	Gambling with Lives
Mary Miller	DCMS
Matt Zarb Cousin	GamBan
Miles Baron	Bingo Association
Nick Bell	DCMS
Nick Harding	Gauselmann Group
Nick Phillips	
Paul Terroni	Novomatic
Paul Willcock	Genting UK
Peter Holloway	Gambling with lives
Ralitsa Vassilovska	Overmore
Rebecca	
Richard Noble	Aspers
Rob Allen	Flutter Entertainment
Rob Davies	Guardian
Rodney Ruddock	100 Acres
Sam Haylen	DCMS
Sarah Bunn	Post Parliament
Stella Dalton	RGA
Stephen Ketteley	Wiggin
Steve Sweeney	Bet 365
Steve Watts	GamFam
Terry White	Former Gambler
Tom Oldfield	DCMS
Tom Tuxworth	Bet 365
Tom Witherow	Daily Mail
Tony Boulton	Project Coin
Tony Franklin	Gambling Hurts
Tony Kelly	Red Card
Wes Himes	RGA
William Barber	Racing Post
David McLeish	Wiggin