A proposal to facilitate NCPG’s promotion of Internet Responsible Gambling Standards

By Malcolm Bruce
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INTRODUCTION

Following a recent discussion between Malcolm Bruce from GIS and Keith Whyte from NCPG about the NCPG Standards for Internet Gambling, we wish to submit the following proposal to National Council, for consideration. We are mindful of NCPG’s primary objectives in supporting those affected by problem gambling, and feel that this proposal will support those goals.

GIS proposes to work as a partner with NCPG to facilitate the development of a new and important contribution to the prevention of problem gambling, represented by the promotion of the Internet Responsible Gambling Standards.

In the face of varying regulatory models across the US and inconsistent player protection requirements within the regulations, we believe NCPG will make a significant contribution to the protection of gambling consumers in the US by awarding certification against its own Internet Responsible Gambling Standards. The proposed certification scheme will potentially enable NCPG to obtain a significant income stream from the certification process.

SUMMARY OF THE PROPOSAL

• GIS will support NCPG in establishing the certification scheme as the ‘must have’ badge of accreditation for US Internet gambling operators. The scheme will provide the gambling industry with a means of proof of compliance with well-defined standards of socially responsible conduct towards their customers and the general public.

• GIS will initiate the process with the aim of building up sufficient resource in the US to enable the certification process to be a self-sustaining service that will support the wider mission of NCPG. This process will be carried out in stages, including an initial trial phase to ensure plenty of opportunity for review, evaluation and adjustment of the process.

• Malcolm Bruce, supported by GIS staff in UK as required, will undertake this project.

PRINCIPLES OF AUDIT AND CERTIFICATION PROCESSES

1. We believe it is important that from the outset NCPG establishes itself as the top US certification body for responsible gambling and confines activity to the on-going development of its Standards and the award of Certificates of Accreditation based on the recommendations of independent third party auditors.

2. An approved independent auditor (GIS to advise and support the initialisation of the audit system) would establish a contract directly with each operator that expresses interest in acquiring accreditation status with NCPG.

3. The auditor would visit the client’s website and HQ annually and send findings and recommendations to the appointed accreditation committee of
the NCPG. The committee should then review the findings and as a result of its deliberations, on behalf of NCPG, grant or decline accreditation status.

4. NCPG would build up a cohort of approved US auditors over time to undertake this work. GIS would support the early stages in order to establish the system for the recruitment, training and certification of auditors and the standardisation of audit procedures. This is vital to prevent corruption and mitigate the chance of individual auditors acquiring reputations for being strict or lenient and companies choosing them accordingly.

5. NCPG would derive income from the certification of operators that pass audit. GIS would receive income from the support it provides to NCPG in the early stages of the auditing and certification process.

**PROPOSED PROCESS**

1. NCPG to create an Accreditation Committee (NCPGAC).

2. NCPGAC to appoint Malcolm Bruce from GIS as its approved auditor for the trial phase.

3. NCPGAC to inform the industry about the opportunity of becoming certified against NCPG Internet Responsible Gambling Standards.

4. Trial phase to commence: ten operators to be tested.

5. NCPGAC to receive the auditor’s test reports of the ten operators against the Standards.

6. Certification to be offered to successful companies.

7. Trial evaluated and if deemed successful, Phase I approved to commence.

8. Phase I to commence: a further forty operators to be tested.

9. Certification to be offered to successful companies.

10. Phase I to be evaluated and if deemed successful, Phase II approved to commence.

11. A group of independent approved independent auditors to be trained and certified to allow them to conduct audits. Their income would be derived entirely from the fixed annual audit fees they are able to charge operators.

12. Phase II to commence with the on-going annual renewal of existing clients (from Trial Phase and Phase I) and the initial reviews of new clients.

13. GIS to assume a background consultancy role in support of NCPGAC.
Trial Phase (month 1 to month 3)

a) Establishing the pass/fail and weighting criteria for each element of the NCPG standards and based on this, a scoring system that can be used easily by auditors.

b) Creating an initial body of knowledge for NCPGAC and future auditors by conducting the first batch of audits (we propose at least 10).

c) Initial training of NCPGAC in the audit and certification process and how to make judgments based on audit scores and observations.

d) Joint progress review and a decision about proceeding to Phase I.

Phase I (month 4 to month 12)

During both the Trial Phase and Phase I, GIS and NCPG will work closely together to ensure the smooth installation and rollout of the process. This will be necessary so that both parties gain vital experience of assessing against the NCPG standards. GIS will provide support to NCPG by:

a) Consolidating the body of knowledge for both parties by conducting 40 further audits.

b) Refining pass/fail and weighting criteria for each element of the NCPG standards in the light of the Trial Phase, and from this finalising the scoring system that will be used by future auditors.

c) Training NCPGAC members in the certification process and how to make judgments based on audit scores and observations.

d) Establishing a system for the selection, training and certification of future NCPG approved independent auditors.

Phase II (month 13 onwards)

GIS will continue to provide consultancy support to NCPG, including the auditing and associated support systems, and any other related requirements NCPG may have in pursuit of its aims. GIS will also continue to train, approve and certify potential auditors on behalf of NCPG.

GIS will offer to run a web-based NCPG-branded helpdesk support system that will:

- Enable NCPG to benchmark gambling company performance and to provide alerts to companies for the expiry of accreditation status
- Enable companies to view their own results and those of their peers (anonymised if required) for benchmarking purposes
- Enable consumers to view the current certificate of a company claiming to have obtained NCPG certification (thus doing away with fraudulent certificates on websites)
o Enable regulators to gain insight into the responsible gambling measures used by companies within their jurisdiction

o Provide telephone and email support to auditors

FINANCIALS

<table>
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<th>INCOME TO NCPG</th>
<th>COSTS TO NCPG</th>
<th>INCOME TO GIS</th>
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<tr>
<td><strong>Trial Phase</strong></td>
<td></td>
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<td>Suggested fee per annum for certification (payable to NCPG by each operator) = $4,500 for main site and $3250 for each language version.</td>
<td>We estimate GIS will need to provide 3 days @ $2000/day = $6000</td>
<td>Audit fee paid by gambling operators = $3,500 for the main website &amp; $2,250 for each language version of a website</td>
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<td>Estimated income from 10 operators = $45,000 minimum</td>
<td>$6,000</td>
<td>Estimated income from 10 operators = $35,000 minimum</td>
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| **Phase I** |               |               |
| Estimated income from 40 operators = $180,000 minimum | Support requirements from GIS to be agreed | Estimated income from 40 operators = $140,000 |

| **Phase II** |               |               |
| Regular income from annual renewals of at least 45 certified operators (assuming an annual drop off rate of 10% due to industry fluctuations.) = $202,500. Plus, we predict 20 new adopters per year for the first 4 years could be added to the original cohort resulting in 65 certificates in the first year of Phase II yielding income of $292,500. | Consultancy support from GIS as required | Fees from training auditors and running the Helpdesk, if required. |

WHY USE GIS?

1. We are experts in gambling harm prevention and responsible gambling practice.
2. We have direct inside industry knowledge and experience of internet gambling
3. We have conducted many responsible gambling audits and benchmarked company performance for online and terrestrial operators
4. We are practical in our focus – you will get advice and support that is useful, relevant and empowering, helping to build your internal capacity
5. Malcolm Bruce has had a working relationship with NCPG for many years and therefore understands its mission and goals

WHO WE ARE

Gambling Integrity Services (www.gamblingintegrity.com) is a trading name for Abbotts Barton Ltd, a company registered in England (Company Number 8198145, Registered address: 143 Eastfield Road, Peterborough, PE1 4AU, UK).

Founder and Director Malcolm Bruce has extensive experience advising on responsible gambling and consumer protection. His previous roles have included Director of Corporate Responsibility for Betfair and Chief Executive of the UK’s Responsibility in Gambling Trust.

Mr Bruce speaks on consumer protection and social responsibility at academic and industry conferences worldwide. He is a member of:

- International Think Tank on Gambling Research Policy & Practice
- National Council on Problem Gambling
- International Association of Gaming Advisors
- International Masters of Gaming Law (affiliated consultant)
- European Association for the Study of Gambling
- Society for the Study of Gambling

Mr Bruce is also a trustee at the UK charity Gambling Concern that supports the work of the UK’s National Problem Gambling Clinic.

WHAT WE DO

GIS provides accreditation, training and consultancy services on all aspects of responsible gambling and consumer protection, including Compliance and AML. With some of the best brains in academia and business available to us as Associates, we provide a complete solution to those aiming for 1st tier standards.

Recent Assignments: During the past year our largest projects have included:

- Advising two European government departments on drafting the consumer protection dimensions of new gambling regulations
- Working with two PLC global brand operators to review and update responsible gambling processes
- Providing specialist training in handling distressed customers for a major UK online operator
Malcolm Bruce - Major Speaking Engagements on Gambling

February 2014: 5th International Gambling Conference Auckland, NZ - Workshop on the regulation of mobile gambling.

May 2013: 15th International Conference on Gambling and Risk Taking, Las Vegas - Plenary Speaker for panels on Innovations in Problem Gambling Treatment and Social Gaming, Moderator for two panels on Internet gambling and social responsibility.

May 2013: The Big Ideas in Gaming Conference, London - Plenary Speaker on Social Responsibility in Gaming.


December 2012: Gaming Money Conference, Athens - panel debate on ‘Critical issues in Gaming and Betting’.

November 2012: World Regulatory Gambling Briefing, Brussels - Plenary on ‘Solutions to consumer protection and the combating of gambling addiction – singling out and building on the best practices’.

September 2012: 9th European Conference on Gambling Studies and Policy Issues, Loutraki, Greece – Pre-Conference workshop on ‘The art of gambling’, Panel Speaker on Social Gaming and Chair for three Panels on Internet gambling.


November 2011: QED Seminars, Brussels - Plenary on ‘Player protection – what works?’

November 2011: 1st Conference of the Romanian Association for the Study of Gambling, Cluj - Plenary on ‘Public health and gambling’.

November 2011: Money Markets Conference, Athens - Plenary on ‘Self-exclusion and player protection’.

September 2011: 442 Magazine Symposium on Internet gambling, Budapest - Panel debate on ‘The governance of online gambling’.


April 2011: Discovery Conference for Ontario Responsible Gambling Council, Ottawa - track session on ‘Online gambling and public health’.

September 2010: European Association for the Study of Gambling 8th Conference, Vienna - track session on ‘Online gambling and public health’.