



June 25, 2020

Dear Members of the Nevada Gaming Control Board and Nevada Gaming Commission,

On behalf of the National Council on Problem Gambling (NCPG), thank you for allowing us to provide comments on the proposed amendments to the Nevada Gaming Regulations, related to cashless wagering. NCPG is the national advocate for programs and services to assist problem gamblers and their families. NCPG was founded in 1972 to lead state and national stakeholders in the development of comprehensive policy and programs for all those affected by problem gambling. NCPG is neutral on legalized gambling and works to improve health and wellness by reducing the personal, social, and economic costs of problem gambling. NCPG members include the Nevada Council on Problem Gambling as well as many gambling operators and vendors. The Nevada Council on Problem Gambling has also submitted comments for the record today.

When considering requests to relax restrictions on payments the Commission must consider the additional risk factors for gambling problems due to both the COVID-19 crisis and the nature of cashless gambling. It is vital to balance the costs and benefits of cashless gambling.

First, the pandemic has led to great financial and emotional stress as well as job loss (29% of Nevadans are currently unemployed) and these factors are all associated with higher rates of gambling problems. Access to counseling and self-help meetings is curtailed due to social distancing. As a result, problem gamblers face worse outcomes and people in recovery may be more likely to relapse.

Second, cashless gaming is likely to increase risk of gambling problems. Research and experience make clear that financial problems are one of the most common consequences of gambling addiction. Indeed, borrowing money to relieve gambling-related financial problems is one of criteria for gambling disorder. Increasing losses may lead to chasing, intensifying a cycle of desperation “often driven by irrational and erroneous cognitions.”¹ Digital payments may increase these problems by allowing gamblers greater access to their funds more quickly. Each type of payment used for gambling—from cash to debit cards to e-wallets—can impact how quickly and easily individuals may access more money, how much they can obtain at a time, and add additional costs, such as ATM fees or interest charges. Electronic funds may not be seen as “real” money, resulting in higher spending. These negative impacts may be particularly pronounced among people with gambling problems.

Indeed, the United Kingdom Gambling Commission banned the use of credit cards for online gambling in April of this year, and recently added clarifying regulations banning operators from using an e-wallet or any payments system that allows accounts to be funded by a credit card.

However, account-based cashless systems may also facilitate responsible gambling. These technologies may enable individuals to set responsible limits for themselves, creating friction, and allowing for vital tools such as self-exclusion to be accessed more easily than ever before. NCPG has published Guidelines for Payments Processing² that highlights pertinent requirements for all regulators to consider when

¹ *Gambling-related consumer credit use and debt problems: a brief review*. Thomas B Swanton and Sally M Gainsbury. *Current Opinion in Behavioral Sciences*, 31:21–31 (2019)

² *NCPG Guidelines for Payment Processing*, February 3, 2020. <https://www.ncpgambling.org/wp-content/uploads/2020/02/02-03-20-NCPG-Payments-Processing-RG-Guidelines-Press-Release.pdf>.

implementing protocols for cashless systems. These guidelines detailed below cover limits, KYC, exclusion, information, and research in order to mitigate risk and reduce harm associated with cashless wagering.

Limits: Limits on payments are an important responsible gambling tool. Limits are a consumer-centric approach that emphasizes player control, information, and shared responsibility. For limits to be effective they must be able to apply across accounts and types of gambling regardless of the method of payment. Providing players with information and guidance around risks and norms helps them set more meaningful limits. All approved technological systems must provide all players with an **opt out** solution to set limits (both time and money). Operators should encourage and even incentivize the player to set payment limits. Other critical features for limits include but are not limited to the following:

- Players must be provided the option of setting daily, weekly, or monthly limits on the size of deposits.
- Players must be able to lower limits immediately.
- Players may request increases in or removal of their limits.
- Play is stopped when the limit is reached.
- After the period ends and a request for increase or removal is made, there will be an additional delay of at least 24 hours. The player must reconfirm their request for the limit to be changed.
- Limits should be periodically reviewed, with payments history and analysis of current deposits and spending projected on an annual basis

Know Your Customer: Operators must make every effort to verify identity of customers through their payment history, including a thorough age and identification verification process when setting up their payment methods. This includes ensuring that no cashless wagering is ever anonymous. Just as Pennsylvania requires, we strongly suggest that every customer who wishes to use cashless for their transactions must register before being able to fund the account.

Information: Players must routinely receive information on their payment's activity; and regularly receive information on their overall activity and identifiers of potentially risky behavior. Players should instantly have access to their account details, including: all deposits and withdrawals, movement of funds between products, bonus information, restrictions such as exclusion events and limits, net outcomes including total won or lost over a defined period. This information should be readily available and accessible at any time upon request.

Self-exclusion: The gambling operator should provide individual customers with the ability to exclude themselves from gambling that includes blocking of any ability of the customer to use any payment method. Players should also have the ability to block themselves from particular payment types. Payment processors, banks, credit card companies and others should have their own self-exclusion programs as well. Additionally, all systems must allow players to synchronize their exclusions with venue and state exclusion lists.

Research: Data on gambling deposits and other transactions that is collected by operators and vendors across the payment ecosystem should be made publicly available through the regulatory agency to qualified researchers. This metadata must be anonymized to remove personally identifying information, consistent with Federal and state privacy, intellectual property and freedom of information laws. As a condition of licensure, operators and vendors should be required to share data. During the regulatory

approval process, the responsibility should be placed on applicants to provide research and data to show that new payments products and services do not increase gambling-related harm. This information—including from cashless debit systems already operating in Nevada—should include but not be limited to examining markers of harm such as; percentage of attempted debit transactions rejected due to NSF, percentage of individuals whom are debiting more than ten percent of their bank account, the number of transactions made per day per person, the number of persons that hit their daily limits as well as the regulator or bank imposed limits.

Therefore, National Council on Problem Gambling urges the Commission to incorporate these responsible gambling guidelines into Gaming Regulation. In addition, we support fully the statements provided by the Nevada Council and their recommendations.

The National and Nevada Councils have consistently advocated for such responsible gambling principles during Commission consideration of payments issues.³ The effects of COVID-19 combined with the risks of cashless payments make it imperative to adopt strong responsible gambling regulations. Problem gambling-related criminal justice and healthcare costs fall heaviest on state and local government budgets. Responsible gambling is the most ethical and effective way to minimize harm and maximize benefits.

We appreciate your consideration and will be happy to answer any questions or concerns that you may have.

Respectfully,

Keith Whyte



Executive Director

Cc: Carol O'Hare, Executive Director, Nevada Council on Problem Gambling

Brianne Doura-Schawohl, Legislative Director, National Council on Problem Gambling

³ See for example: Nevada Council on Problem Gambling: TESTIMONY TO THE NEVADA GAMING COMMISSION, May 22, 2003; National Council on Problem Gambling letter to Nevada Gaming Commission re ASSOCIATED EQUIPMENT CONCEPT APPROVAL: 01-09-07 CONCEPT: "EDITH, ATM DISPENSED WAGERING INSTRUMENTS" September 5, 2007; Statement of Keith Whyte to Nevada Gaming Commission Regarding Associated Equipment Concept Approval: EDITH, ATM Dispensed Wagering Instruments, September 20, 2007.