

Gambling

The Advice of the Church of England's Ethical Investment Advisory Group

The Church of England's Ethical Investment Advisory Group (EIAG) provides independent ethical investment advice to the Church of England's three national investing bodies detailed below.

The EIAG's purpose is to support the national investing bodies of the Church of England to invest ethically in a way that is distinctly Christian and Anglican. This shall be achieved by offering timely, non-binding and practical Advice and support to the investing bodies. The investing bodies may develop policy drawing on the advice of the EIAG. The development, adoption, and implementation of any policies drafted as a result of the EIAG;s advice reminds the responsibility of each individual investing body.

The Church Commissioners for England, who support the work and mission of the Church of England across the country.

The CBF Church of England Funds, collective investment schemes managed by CCLA Investment Management LTD in which Church of England parishes, dioceses, schools and church charitable trusts invest. CCLA is predominantly owned by its church and not-for-profit clients.

The Church of England Pensions Board provides retirement services (responsibly invested pensions and retirement housing) to those who minister or work for the Church of England.

Introduction

1. Gambling has become increasingly embedded into almost every aspect of our lives over recent years: our high streets, television screens, online games, social media, football teams and favourite sports stars. Around half of adults in Britain participate in some form of gambling where a person pays money or 'money's worth' for a game of chance, where prize means 'money or 'money's worth'¹. As this industry grows and innovates, society faces increasing social and human gambling-related harms, particularly for the most vulnerable.
2. The advice of the EIAG is biblically and theologically grounded. Our thinking is formed around a framework of five principles which affirm that human beings live well and are fulfilled when they are:
 - a. Flourishing as persons;
 - b. Flourishing in relationship;
 - c. Standing with the marginalised;
 - d. Caring for creation;
 - e. Serving the common good

¹ A full legal definition of gambling is contained in the Gambling Act (2005), available at: https://www.legislation.gov.uk/ukpga/2005/19/pdfs/ukpga_20050019_en.pdf

Background

The rapid transformation of the global gambling industry

3. The worldwide gambling industry has grown rapidly as a result of industry deregulation, innovative product development, technological advances in mobile and online markets and the sustained and deliberate use of advertising to make gambling behaviour a socially acceptable part of our society. The complexities of the gambling industry have evolved so swiftly, increasingly online and offshore, that regulators are struggling to keep pace to protect children and vulnerable people from gambling-related harms.² As the House of Lords Select Committee on the Social and Economic Impact of the Gambling Industry concluded³: “The choice of games is bewildering, and the house edge generally higher. There is no limit on when or where individuals can gamble, age is harder to verify and supervision is difficult.”
4. New gambling opportunities and products are being presented to an ever-widening spectrum of society – from children to vulnerable adults – and increasingly in forms marketed as acceptable to society. Advertisements portray gambling as a game of skill - such as Blackjack; a way to donate to good causes – such as the National Lottery⁴; a way to share your passion for horseracing with your friends in the pub or your family at home⁵ or a way to show your dedication to your football team⁶. New innovations are frequent – customers can now create their own wagers and make “in play” bets during live sports events, where the action is sliced into bite-sized betting opportunities ranging from who will score next in a football match to who will not win a set in a tennis match⁷. Whilst gambling may at one time have been episodic and related to a single match or race, it is now a highly innovative and complex industry which is accessible from anywhere 24 hours a day.

The rising importance of mobile and online gambling

5. The growth of the global gambling market is overwhelmingly driven by online and mobile markets.⁸ In Great Britain, gambling companies’ yield from online activities has increased substantially and, unsurprisingly, the online and mobile markets are where most of the industry’s advertising budget is being spent. The online and especially mobile markets are also largely occupied by the younger age groups: 76% of 18-24 year olds, 72% of 25-34 year olds and 66% of 35-44 year olds who gamble online, use a mobile to gamble, as opposed to 14% of those aged 65 and over.⁹
6. As noted by the Gambling Related Harm All Party Parliamentary Group, with the growth of online and mobile gambling, there has also been a significant growth in online gambling-related harms. This is especially

² See National Audit Office, “Gambling regulation: problem gambling and protecting vulnerable people” (28 February 2020), available at: <https://www.nao.org.uk/wp-content/uploads/2020/02/Gambling-regulation-problem-gambling-and-protecting-vulnerable-people.pdf>, and see Gambling Commission, “Gambling participation in 2019: behaviours, awareness and attitudes” (February 2020), available at: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf>

³ Select Committee on the Social and Economic Impact of the Gambling Industry: “Gambling Harm—Time for Action” (2 July 2020), available at: <https://publications.parliament.uk/pa/ld5801/ldselect/ldgamb/79/79.pdf>. The house edge represents the percentage of the player’s bet that a casino keeps as profit, over the long-term. The house edge varies among games, with blackjack being among the lowest and slot machines being higher.

⁴ See, e.g., The National Lottery advert, “The National Lottery - Haircuts4Homeless” (2018), available at: <https://www.youtube.com/watch?v=IhNmtKnXlqA>

⁵ See, e.g., Ladbrokes TV advert, “The Racers” (2000), available at: <https://youtu.be/gdGRRIZ7ddQ>

⁶ See, e.g., BoyleSports TV advert, “This is Betting” (2019), available at: <https://youtu.be/2eEgGnL0Mlw>

⁷ See Cathy O’Neil, *Weapons of Math Destruction*, London: Penguin (2017) p.37.

⁸ The Business Research Company, “Global Gambling Market” (January 2023), available at: <https://www.thebusinessresearchcompany.com/report/gambling-market#:~:text=The%20global%20gambling%20market%20reached%20a%20value%20of%20billion%20in%202027%20at%20a%20CAGR%20of%2011.3%25>.

⁹ Gambling Commission, “Gambling participation in 2019”, p. 15.

concerning given the anticipated growth of these markets and the predominance of the younger generation of gamblers in them. It also notes that the regulation of online gambling in the UK lags behind that of many other countries and particularly lacks restrictions on online products, restrictions on stakes or deposit limits and restrictions on advertising that other countries have introduced in order to protect customers from gambling-related harms.¹⁰

Gambling-related harms

7. The rapid growth in ways to gamble has increased both the industry's profits and its risks to society at a concerning pace. It is estimated that 395,000 people in England (including 25,000 children under the age of 16) have a form of addiction to gambling with 1.8m people at risk of harm.¹¹
8. Whilst many people participate in gambling without harm, some people become addicted to their gambling habits. This can lead to serious and harmful consequences. The EIAG does not use the term 'problem-gambler' or 'problem gambling' as this suggests it is the gambler's problem only, as discussed further in this paper. Rather it looks at the harms or risks which manifest from the industry and applies a theological lens to those in order to inform the EIAG's advice to the NIBs. These gambling-related harms are experienced not just at an individual level but also at a societal and an inter-personal level. These include the effect of gambling-related harm on the friends, families and connections of someone who gambles. As the Gordon Moody Association has written: "The cost to society should not only be counted in terms of the financial cost to an individual. Impact on their loved ones and family members should also be measured in terms of the devastating impact it can have on their own mental health, physical health, family relationships, employment and quality of life— thus demonstrating the wider social impact of problem gambling."¹²
9. The list of gambling-related harms is vast. Evidence provided to the House of Lords Select Committee on the Social and Economic Impact of the Gambling Industry includes¹³:
 - Relationship difficulties up to and often including relationship breakdown
 - Intimate partner violence and domestic violence
 - Disengagement from family life
 - Personality changes (short-tempered, aggression, withdrawn)
 - Shame and social exclusion of family members when they discover levels of debt or crime caused by their loved one
 - Social exclusion through poverty
 - Damage to communities from clusters of betting shops / arcades
 - Children changing school as a result of eviction and having education disrupted
 - Mental and physical health problems for both the gambler and family members
 - Low self-esteem
 - Staff at betting shops /arcades experience abuse or violence from disgruntled gamblers

¹⁰ The Gambling Related Harm All Party Parliamentary Group, "Online Gambling Harm Inquiry" (June 2020), available at: <http://www.grh-appg.com/wp-content/uploads/2020/06/Online-report-Final-June16-2020.pdf>

¹¹ NHS, "State of the nation's health in 2018 shown in new report" (3 December 2019), available at: <https://digital.nhs.uk/news-and-events/latest-news/state-of-the-nations-health-in-2018-shown-in-new-report>

¹² UK Parliament Committees, "Gordon Moody Association – Written evidence (GAM0032)" (5 September 2019), available at: <https://committees.parliament.uk/writtenevidence/104/html/>

¹³ Select Committee on the Social and Economic Impact of the Gambling Industry, "Gambling Harm – Time for Action".

10. Whilst the Government does not record official figures or estimates of the number of gambling-related suicides each year in the UK, the charity Gambling with Lives collated academic research which suggests that the number of gambling-related suicides per year is in the range of 250–650.¹⁴

Theological reflection

The importance of language: problem gamblers and gambling related harms

11. As indicated earlier in this paper, the EIAG does not use the term “problem gamblers”. There are various terms of reference in discussions surrounding gambling, including “problem gambling” and “gambling addict”. Gambling-related harm was not previously thought of as a condition, mental or otherwise, until the late 20th century. Prior to this, “compulsive gambling” was thought of as either harmless or tragically inexplicable (for example, the former can be seen throughout music which references gambling losses absent of context, and the latter can be seen in Dostoyevsky's *The Gambler*).
12. However, recently terms such as “problem gambling” and, consequently, “problem gambler” have taken hold. This is most often the term used by industry, those in gaming sectors, the popular press and Parliament. However, this term was coined by American researchers funded by the industry and therefore brings with it a degree of “industry baggage”.
13. The issue is that the term “problem gambler” achieves two things. First, this term shifts moral and economic responsibility entirely on to the individual. When the industry devotes significant time and resources to products which are designed to be addictive, or create so-called “choice architecture” on websites to lead gamblers to websites, and regularly encourage VIP and repeat customer deals, even to customers who have flagged that they are struggling with gambling addiction, it is quite apparent that there is more to the issue than an innate desire to gamble. The term “problem gambler”, by putting the responsibility all on the shoulders of individuals, serves to relieve the industry itself of any responsibility.
14. Secondly, it achieves the normalisation of gambling. If gambling-related harm is limited to the individual, who is inexplicably drawn to gamble compulsively, then gambling is a normal product that should be kept away from these ostensibly degenerate individuals. This is intellectually false. For example, harm is measured on the Problem Gambling Severity Index and, to be dubbed a “problem gambler”, you must score highly on this scale. This excludes from the equation others who experience gambling-related harm. For example, if you have no money in your family bank account because your spouse is gambling, you are self-evidently experiencing harm, while not being a problem gambler.
15. For Christians, the Church teaches all people to be created in the image of God, with an innate value. There are “no problem people”. Therefore, we would strongly discourage the use of the terms “problem gambler” and “problem gambling”, while recognising that it is commonly used terminology in academic research and official publications from, inter alia, the Gambling Commission, the Department for Culture, Media and Sport, and the National Audit Office.
16. ‘Gambling-related harm’ is probably the best term (terms like ‘gambling addiction’ can be contentious, and tricky to prove compared with a substance abuse issue). However, where it may be necessary to refer to the

¹⁴ UK Parliament Committees, “Gambling with Lives – Written evidence (GAM0098)” (11 October 2019), available at: <https://committees.parliament.uk/writtenevidence/237/html/>

individual, the term ‘person with a gambling problem’ may be more acceptable. This change in language emphasises that the person *has* a problem, rather than *is* a problem.

Is the act of gambling sinful?

17. In debates over the correct relationship, if any, between Christianity, investment and gambling, one of the key fault lines is between whether gambling is itself by its very nature sinful, in which case clearly Christian investment ought to be avoided, or whether what is sinful is to profit from the exploitation inherent in the gambling industry. The distinction matters in so far as the first is a point of principle with an activity, the latter a concern with the moral conduct of a business sector. It also matters given that the Church of England does make use of, and benefits from, the act of gambling (e.g. through the National Lottery and at a more trivial level through, for example, fundraising tombolas and bingo clubs) and could easily be accused of hypocrisy.
18. Christian churches have historically been at the forefront of anti-gambling (or anti-gaming) campaigns throughout British history, but particularly from the nineteenth century onwards. It is perhaps an oddity, therefore, that there is relatively little academic theological reflection on gambling since the early twentieth century. Further, the Bible itself is largely ambivalent on the issue. This is certainly not because gambling was unknown in biblical times.
19. There is a wealth of evidence that gambling on everything from betting on races and contests to games of dice and lots was widespread throughout the biblical world. Indeed, the Bible itself refers to gambling in a number of places, without any explicit condemnation. Probably the most famous of these include the Roman soldiers casting lots to determine who should get Jesus’ clothes in Matthew 27:35.
20. In a number of cases in the Old Testament, casting lots is used to determine the will of God e.g. Joshua 18:6-10; 1 Chronicles 24:5,31 and Jonah 1:7, or to select the holders of particular religious roles e.g. Acts 1:26, where the disciples cast lots to pick Judas’s replacement as one of the twelve. In all, there are seventy uses of casting lots in the Old Testament and three in the New Testament.
21. This is where the definition of gambling becomes critical. We would consider the casting of lots in those cases to be an exercise in determining providence, revealing the will of God rather than relying on human decision making. It ought to be noted that if gambling is thought of simply as relying on chance to secure an outcome, as in some definitions, then this would seem at least to be skirting closely to that definition.
22. Gambling can be defined as an activity that constitutes any behaviour involving betting or wagering one’s property or money where the outcome depends on chance or has a high degree of uncertainty and is typically short-term and time bound. For example, betting on roulette in a casino is a game of chance or betting on the score of a football match has a high degree of uncertainty.
23. This definition helpfully does not require us to condemn the apostles as sinful gamblers when they selected Matthias to join their number as the focus of the criticism appears to be the act of betting with something (money or property). Although it is worth noting, however, that there have been Christian theological expositions that would suggest that any reliance on chance at all is problematic.
24. As noted above, there has been comparatively little academic theological reflection on gambling, which is perhaps overdue. One of the more prominent examples historically was William Temple, who wrote several theological condemnations of gambling. These are noted here as context, as one of the more recent efforts in Anglican theology to engage seriously with this issue, rather than as a guide to how we ought to consider it today.

25. The first of Temple's four arguments was precisely that chance was itself problematic, since it subverts God-given order and logic. God is a God of order, and we ought to rely on his providence, not subvert it. This would lend itself, if taken to its logical conclusion, to a far more highly prohibitionist attitude towards any use of chance than most Christians would be comfortable with today.
26. Temple had three further arguments that address gambling as sin. The first is that gambling contradicts the biblical notion of stewardship. All that we possess is ultimately not our own but God's, and as such we have a responsibility to use it wisely. Gambling is to risk what is God's irresponsibly.
27. Second, Temple, with others including John Wesley, William Wilberforce and several other prominent Christians of the age, argued that gambling is incompatible with the demand to love one's neighbour, since it inherently relies on one person profiting at another's misfortune. As such, to engage in gambling at all is to engage in a process which is at some level inherently exploitative. Whilst this argument is clear in cases of inter-personal gambling as opposed to an individual winning against a company that exists to profit from gambling, we should not overlook the relationship between the individual and large gambling corporations. Where increasing wins for the house and a lack of understanding of the odds can certainly be an exploitative relationship.
28. This argument is less obvious in the context of loot boxes or skins. These are not strictly gambling by the current law, though they do involve paying money for a chance outcome. In that transaction, however, the player is paying a company for a chance to win an item, but in such a way that is not obviously playing either against the company (players cannot "beat" games companies in the way they might beat a casino) or another player. This point is returned to below in considering whether the issue lies in the profiting from the proceeds of gambling rather than gambling as an act in and of itself.
29. Finally, Temple argued that gambling was, by nature, covetous. Where Christians are called to be reasonable, responsible and work with skill and justice, gambling instead provides a quick fix, more focused on the love of money that is the root of evil (1 Timothy 6:9-10) than on the need to work for God's kingdom. Issue could be taken with any of these points.
30. A more interesting consideration on whether gambling itself is a sinful concept might be found in the extent to which it abuses the notion of play. Gambling (or gambling-like activities) is often found with the context of games, be that a sports meeting, a card game, a slot machine or in our modern context within the confines of online video games in which players are encouraged to purchase mystery items (loot boxes), without knowing the contents as part of game play. The Jesuit theologians Karl and Hugo Rahner (and also the protestant theologians Paul Tillich and Jürgen Moltmann), drawing on the cultural theorist Johan Huizinga, each explore the nature of God and humanity as being found in play. Creation is a supreme act of play, in so far as it is meaningful and yet wholly unnecessary. Indeed, for Hugo Rahner, in this sense play is a profoundly spiritual activity: "it arises from a longing for the divine... There is a sacral secret at the root and in the flowering of all play".
31. As such, gambling raises a concern because it represents a corruption of the purity of play for a financial purpose (taking a sacral secret and monetising it), and one that, if abused, can wreck other players. Little work has been done to date on linking this specifically to the issue of gambling.
32. The overall evidence, then, is not quite clear cut. There is little recent theological work analysing gambling, which is strange given its prominence in Christian social campaigns of the past two centuries. Unlike the Quran which quite explicitly in two separate surahs (2.219 and 5.90-92) condemns gambling, the Bible is rather more circumspect. Nevertheless, there is sufficient material to develop a theological response that is concerned by the prospect of activity that in several different respects appears to disrupt or undermine Christian teaching

on how we might serve the common good. This includes the concern for how work and responsibility interact and considerations about how we might flourish in relationship through the call to love one's neighbour and the risks to our individual flourishing, particularly the vulnerable and marginalised, through the danger of the love of money. If the Bible does not explicitly condemn gambling and associated gambling-like behaviours, it certainly provides plenty of guidance that gambling ought to be of serious concern.

Is profiting from gambling sinful?

33. From the perspective of investment, it is essential to be clear not only on the desirability of gambling as an activity but also as an industry. Where, as we have seen, the former is concerning but not entirely clear cut, a lot of Christian responses to gambling in recent years have focused particularly on the consequences of gambling and the faults of the industry.
34. There are several points that could be examined here, but the first reiterates Temple's point above about this being an activity that fails the test of loving your neighbour by virtue of relying on a winner and loser. At root, gambling is an industry which is based on people losing. This was the particular concern of John Wesley, the leading light of early Methodism, who wrote of an industry "who made a trade of seizing on young and inexperienced men, and tricking them out of all their money...not a few of these (were constrained) honestly to earn their bread by the sweat of their brow, and the labour of their hands".¹⁵ More than simply being based on people losing, the profitability of gambling is based on the same people losing repeatedly. As such, even were the industry both well regulated and keen to ensure the consent and health of its participants, nevertheless it would be almost impossible to avoid playing on vulnerabilities. At an ethical level this makes gambling an industry of particular concern, since it is so naturally geared to exploiting vulnerabilities. This can be readily seen in practice, where gambling companies have been consistently accused of the "normalisation of exploitation", holding out a fantasy vision of riches to a customer base that exhibits multiple vulnerabilities.
35. More specifically, the types of vulnerable people targeted by gambling raise ethical concerns. Christian theology has, for example, long held a concern for supporting children as a particular category of vulnerable person. It is particularly concerning then that the reality of 21st century gambling is that children are constantly exposed to and targeted by gambling.
36. Children are exposed to gambling adverts on a daily basis, despite laws on targeting the under-18s, and rates of gambling among children are increasing, according to the Gambling Commission. That data does not include the prevalence of gambling-like activities in video games designed specifically for children and young people, which normalise attitudes to gambling at a young age. While theoretically gambling does not target children, within the context of a wider theology of the Fall and human nature, there are reasons for concern that an industry reliant on people losing will always be particularly susceptible to exploiting the vulnerable, including children.
37. Beyond children, the same point applies to the role companies play in fuelling and preying on addiction among their customers. The House of Lords Select Committee has reported that 25% of profits of the gambling industry came from those showing signs of harmful betting and also noted "the gambling industry continually offers a variety of products to consumers, including some which can be highly addictive".¹⁶

¹⁵ John Wesley, "The Reformation of Manners", Sermon 52 (30 January 1763), available at: <http://52.144.59.153/reformation-manners-sermon-52>. As quoted in The Methodist Statement on Gambling" (1992), available at: https://www.methodist.org.uk/downloads/pi_gamblingstatement_92.pdf.

¹⁶ Select Committee on the Social and Economic Impact of the Gambling Industry, "Gambling Harm—Time for Action" (2 July 2020), available at: <https://publications.parliament.uk/pa/ld5801/ldselect/ldgamb/79/79.pdf>.

38. A theological argument can also be made that gambling falls short of Christian teaching on the treatment of the poor. Betting shops cluster in areas of higher deprivation, a trend that is internationally recognised, as described here in an Australian context: “Gambling has enabled the dramatic redistribution of resources, transferring, with industrial efficiency, billions of dollars from the pay packets of the working classes to the bank accounts of the richest 0.01 per cent”.¹⁷
39. This runs contrary to a well-established theological legacy of particular concern for the poor, as articulated by Pope Francis, himself quoting Pope Benedict XVI: “the Church has made an option for the poor which is understood as a ‘special form of primacy in the exercise of Christian charity, to which the whole tradition of the Church bears witness’”.¹⁸ Products which are designed to appeal as a quick ladder out of poverty in fact are peddling a pernicious structure of exploitation.
40. In the first part of this section, it was argued that gambling as an activity was treated with some ambivalence in the Bible but did prompt several principled theological objections. The second part of this section, on the practice of gambling as an industry, has argued that over and above those objections there is also an in-built and inherent weakness of a business built on exploitation of the vulnerable which raises serious theological and ethical reservations.

Advice relating to “gambling-like” products

Loot boxes

41. The legal definition of gambling as defined by the Gambling Act 2005 does not include the fast-growing number of in-game products in online video games such as loot boxes or skins. A loot box is a virtual item, (often appearing as a treasure chest or crate) which can be redeemed to receive further randomized virtual “prizes”, such as customisation option for a player’s character, known as skins, or additional weapons and armour. Skins are virtual graphic or audio downloads which change the weapons, avatar or equipment of characters in video games. They have no impact on performance or gameplay but are valued for their rarity, aesthetics, utility or popularity.¹⁹
42. The Gambling Commission has asserted that in-game items such as loot boxes are not considered as “a licensable gambling activity” as the items are confined for use within the game and cannot be cashed out for money’s worth via an exchange, thereby not meeting the 2005 Gambling Act’s definition of “money or money’s worth”.²⁰ In-game items such as loot boxes and skins are provided in a “closed loop” fashion, and are not intended to be exchanged for money, either with the games providers, with other players or with third parties. The networks via which these games are accessed are not designed to have open functionality to facilitate users trading in-game items with each other for money and this approach is underpinned by the terms and conditions governing the use of the game networks. As such, the Gambling Commission does not define the purchase of these in-game items as gambling activities. There are instances of users exploiting the open nature of the game networks to offer players opportunities to buy, sell and gamble in-game items via unaffiliated and

¹⁷ Francis Markham and Martin Young, “‘Big Gambling’: The rise of the global industry-state gambling complex,” in *Addiction Research & Theory*, 23:1, pp. 1–4, as quoted in UK Parliament Committees, “Church of England’s Mission and Public Affairs Council – Written evidence (GAM0011)” (30 August 2019), available at: <https://committees.parliament.uk/writtenevidence/66/html/>.

¹⁸ Pope Francis, “Evangelii Gaudium” (November 24, 2013), at ¶198, available at: http://www.vatican.va/content/francesco/en/apost_exhortations/documents/papa-francesco_esortazione-ap_20131124_evangelii-gaudium.html#_ftnref164.

¹⁹ Select Committee on the Social and Economic Impact of the Gambling Industry, “Gambling Harm—Time for Action” (2 July 2020), available at: <https://publications.parliament.uk/pa/ld5801/ldselect/ldgamb/79/79.pdf>.

²⁰ Gambling Commission, “Loot boxes within video games” (24 November 2017), available at: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/loot-boxes-within-video-games>

unregulated third-party websites. This is known as “skin gambling” and it is prohibited by the games’ publishers and they take steps, for example issuing cease and desist letters to unaffiliated websites exploiting their intellectual property, to prevent it.²¹

43. The “money or money’s worth” definition of gambling has been questioned as to whether it is ‘fit for purpose’ in this fast-evolving industry. The Department for Digital, Culture, Media and Sport Select Committee (DCMS) has previously recommended that the Government regulate loot boxes under the 2005 Gambling Act. At the launch of a gambling clinic responding to concerns about addiction to gaming, NHS mental health director Claire Murdoch noted that “no company should be setting kids up for addiction by teaching them to gamble on the content of loot boxes”.²² Despite this, the Government chose not to regulate loot boxes in the latest review of the Gambling Act, stating that “while many loot boxes share some similarities with traditional gambling products, we view the ability to legitimately cash out rewards as an important distinction”.²³ However, the Government has called on companies to make loot boxes unavailable to children unless enabled by a parent or guardian, and that all players should have access to spending controls and information to support responsible gaming.
44. In the US, whilst there is also no legal consensus on whether loot boxes constitute gambling a class action lawsuit has been brought against Apple Inc. claiming Apple engages in predatory practices enticing consumers, including children to engage in gambling and similar addictive conduct through offering apps with loot box features.²⁴
45. The Belgian Gaming Commission (BGC) has been unique among gambling regulators to consider “player-ascribed value” rather than “money’s worth” in its assessment of loot boxes and has found that: “Use of money is not necessary. Just because *virtual* currency is used in a game does not mean that there is no wager. It must be possible to attribute a value to this wager, however. Value can be defined as the degree of usability. Specifically, items that the player finds useful or nice and for which he pays money.”²⁵ The concept of “player-ascribed” value, has therefore persuaded the Belgian regulator to rule that loot boxes do fall within their legal definition of gambling.
46. The EIAG notes the legal ambiguity surrounding loot boxes but, in line with the theological reflection and the concerns the Bishop of St Albans has raised via the House of Lords’ Call for Evidence on Gambling regarding the increasing normalisation of gambling in the perception of children, it encourages the NIBs to consider the psychological definitions of gambling when engaging with portfolio companies. As the Church noted in its written submission; “loot-boxes...do not meet the definition of gambling in the Act, but ‘rarely fail to meet the psychological definition of gambling, even when they do not meet the legal definition’”.²⁶

²¹ Gambling Commission, “Virtual currencies, eSports and social casino gaming – position paper” (March 2017), available at: <https://www.gamblingcommission.gov.uk/PDF/Virtual-currencies-eSports-and-social-casino-gaming.pdf>, at ¶¶ 3.5–3.6.

²² As quoted in Wesley Yin-Poole, “NHS chief says loot boxes are ‘setting kids up for addiction’ to gambling” (18 January 2020), available at: <https://www.eurogamer.net/articles/2020-01-18-nhs-mental-health-boss-says-loot-boxes-are-setting-kids-up-for-addiction-to-gambling>.

²³ Department for Digital, Culture, Media and Sport, “Consultation outcome: Government response to the call for evidence on loot boxes in video games” (18 July 2022), available at: <https://www.gov.uk/government/consultations/loot-boxes-in-video-games-call-for-evidence/outcome/government-response-to-the-call-for-evidence-on-loot-boxes-in-video-games#executive-summary>

²⁴ <https://www.gamblingnews.com/news/apple-sued-over-offering-loot-boxes-in-app-store/>

²⁵ The Gambling Commission, “Research Report on Loot Boxes” (April 2018), p. 9, available at: https://www.gamingcommission.be/opencms/export/sites/default/jhkswb_nl/documents/onderzoeksrapport-loot-boxen-Engels-publicatie.pdf

²⁶ UK Parliament Committees, “Church of England’s Mission and Public Affairs Council – Written evidence (GAM0011)” (30 August 2019), available at: <https://committees.parliament.uk/writtenevidence/66/html/>.

47. The Nottingham Trent University psychologist Dr Mark Griffiths has defined five core criteria as a “psychological” definition of gambling:
- the exchange of money or items of value
 - an unknown future event determines the exchange
 - the outcome is at least partly determined by random chance
 - it's possible to avoid loss through non-participation
 - and winners gain at the expense of the loser.²⁷
48. A London School of Tropical Medicine study has argued that applying a legalistic definition of gambling to loot boxes may be insufficient as it is the “assimilation of gambling cues with gaming practices and ambiguity about where gaming ends and gambling begins” which is undeniable.²⁸
49. The addictive techniques employed in the gambling industry are also prevalent in the gaming industry – for example, games can lull players into a trance-like state known as “continuous gaming productivity” and will know exactly when and why players are most likely to stop playing. Tim Sweeney, the co-founder of Epic Games has noted these connections and asserted “*Loot boxes play on all the mechanics of gambling except for the ability to get more money out in the end.*”²⁹
50. The EIAG recognises that, unlike an innovation such as online slot machines, the issue of “money or money’s worth” is not the key concern with loot boxes. The key concerns are the features, effects or realities of the in-game items themselves which may create harm or exploit our human vulnerabilities, particularly in children.
51. The EIAG notes the lack of research establishing the long-term negative effects of in-game items such as loot boxes; however, it does note that loot boxes include many of the psychological features used in traditional forms of gambling and also recognises the nascent evidence that exposure to these products during childhood or adolescence can carry negative consequences for gambling behaviours in later life. The EIAG advises the NIBs to engage with portfolio companies offering in-game items such as loot boxes on the core engagement themes detailed in paragraph 66 onwards.

Financial Instruments

52. The EIAG has previously advised, with reference to the financial markets, that investing for long-term gain in stocks, shares, bonds and gilts does not constitute gambling in any form, but rather is consistent with good stewardship of God’s gifts in the responsible ownership of assets to bring benefits to the wider world through contributions to the common good. However, both investing and gambling sit on a spectrum of risk-taking, and understanding what distinguishes the two is helpful to identify when investment trips over to become speculation and gambling. This will vary based largely on the information and understanding the participant brings to the transaction, and the ability of the participant to withstand losses from unexpected events connected to the transaction. It is also important to ensure that those involved do not demonstrate addictive behaviour; continuing to participate to cover losses, when they have moved beyond their risk appetite, or when they do not have the material means to withstand further losses.

²⁷ See Haydn Taylor, “Loot boxes: An industry at war with itself over a technicality” (12 December 2018), available at: <https://www.gamesindustry.biz/articles/2018-12-12-loot-boxes-a-year-in-review>

²⁸ Heather Wardle, “The Same or Different? Convergence of Skin Gambling and Other Gambling Among Children” in *Journal of Gambling Studies* (March 2019), available at: <https://researchonline.lsham.ac.uk/id/eprint/4652415/1/Wardle-et-al-2019-The-Same-or-Different.pdf>

²⁹ Tim Sweeney, “The Times They Are a Changin’”, keynote speech at the 2020 D.I.C.E. Summit in Las Vegas (12 February 2020). As quoted in “Fortnite boss says game loot boxes ‘cause harm’” (14 February 2020), available at: https://www.bbc.co.uk/news/technology-51502592?intlink_from_url=https%3A%2F%2Fwww.bbc.co.uk%2F (italics added).



53. The increasing sophistication and complexity of financial instruments which are composed of other financial transactions, often called financial derivatives, has made this distinction increasingly important. It is now easier than ever to take a large risk, while putting a relatively small percentage payment up front. This makes such instruments extremely cost-efficient for institutional investors, but some are also available to small retail, or individual, investors. These transactions are effectively levered, which is what makes them cost efficient, but also means that significant losses can be incurred.
54. For this reason, the EIAG emphasises that the most important element of discernment in entering into these transactions is a thorough understanding of the instruments, the transactions and their underlying risks. Oddly, the analogy to gambling remains relevant. An uninformed punter can put a bet on a horse race at any odds. Someone with a lifetime of following the horses and their breeders who does the same is still betting, but taking a far more informed wager, and, in most cases, is more likely to come out ahead than the gambler who knows nothing about horses.
55. A second consideration is whether an action is taken to reduce risk or increase risk. Individuals buy insurance to mitigate potential losses, whereas buying insurance on someone else's life is perceived as gambling, and not possible in most jurisdictions.
56. Where institutional investors understand their products, have clearly defined risk appetites and are operating within those risk appetites, most financial instruments can be used appropriately. The same would hold for retail investors, though these are clearly not appropriate investments for any but the most sophisticated retail investors with the ability to withstand the loss of the money they have invested.
57. This does not mean that any institutional investor is free to invest in any instrument. The EIAG's fundamental tenets that promote human flourishing, care for creation and the service of the common good should be taken into account when entering into any financial transaction.

Core engagement themes

The theme of addiction

58. The EIAG advises the NIBs to engage with relevant portfolio companies to seek protection for the harmful consequences of gambling-related addiction.
59. Addiction is highly complex and interconnected to many broader societal issues, including inequality. Richard Wilkinson and Kate Pickett highlight the significant relationship between rates of addiction and income inequality, arguing that a desire for anything which makes us feel better (which can often be alcohol, shopping, gambling) can become the means of coping with the anxiety and dislocation experienced where there are high levels of inequality.³⁰
60. Whilst previously those with a gambling problem may have been considered responsible for their own misfortunes, the EIAG recognises that addiction does not develop in a vacuum and advises that gambling companies must take responsibility for their own role in fuelling addiction among its customers. The proliferation of gambling opportunities, to a widening spectrum of society, has been enabled by an environment where businesses voraciously compete for our attention 24 hours a day, 7 days a week and prey on human vulnerabilities. People are increasingly overwhelmed with subtle but relentless demands on their attention and,

³⁰ Richard Wilkinson and Kate Pickett, *The Inner Level: How More Equal Societies Reduce Stress, Restore Sanity and Improve Everyone's Well-being* (Penguin, 2018)

in the case of gambling, these demands are marketed as adventurous money-making opportunities designed to maximise engagement and addiction. Anthropologist Natasha Dow Schüll has described how the mechanical rhythm of electronic gambling pulls players into a trance-like state known as the “machine zone,” in which daily worries and even bodily awareness fade away.³¹ Against an arsenal of psychological cues and incentives, human vulnerabilities are easy targets. Both the American DSM³² and the World Health Organization ICD schedules³³ recognise gambling disorder as a psychiatric illness. Some gambling addicts report that they experience neurological and physiological responses that are similar to those of drug or alcohol addicts;³⁴ and they develop a tolerance, and when they cannot gamble, they show signs of withdrawal such as panic attacks, anxiety, insomnia, headaches, and heart palpitations.³⁵

61. Whilst the EIAG acknowledges that gambling companies do not have an incentive to drive customers to personal harm, it does note that they have an incentive to keep customers gambling and to fuel addiction, even when harms might be building.
62. As such, the EIAG affirms the view that businesses must act to prevent, mitigate and remedy gambling-related harms they have caused or contributed to, with a particular regard to those customers under 25 or at risk of gambling-related harms. This includes adopting a breadth of responsible measures with regard to its business activities, including, inter alia, affordability checks, appropriate restrictions on VIP loyalty schemes, effective procedures for self-exclusion and responsible algorithms, to ensure that such customers are not incentivised to gamble more than they can withstand. It also includes societal measures such as further industry-level investment in teaching on addiction and gambling disorders, such as industry-wide initiatives in the alcoholic drinks sector like DrinkAware and the Portman Group.³⁶

Advertising

63. The EIAG advises the NIBs to encourage responsible advertising of gambling products with relevant portfolio companies, including those that facilitate this advertising, particularly with regard to children and those in at-risk groups.
64. Since the restrictions on advertising gambling products were relaxed in Great Britain with the 2005 Gambling Act, the gambling industry has significantly increased its expenditure on all forms of advertising from TV and online to team sponsorship opportunities.
65. The term ‘gamblification of sport’ is often associated with football – club’s relationships with gambling companies can be prominently displayed around their stadiums and on the front of their players’ shirts. Whilst steps have been taken to limit advertising exposure, especially to children, the close relationship between

³¹ Natasha Dow Schüll, *Addiction by Design: Machine Gambling in Las Vegas* (Princeton NJ: University Press, 2012).

³² American Psychiatric Association, *Diagnostic and Statistical Manual of Mental Disorders*, Fifth Edition (Arlington, VA: APA Publishing, 2013). For more information see: <https://www.psychiatry.org/psychiatrists/practice/dsm>

³³ World Health Organization, *International Classification of Diseases, Eleventh Revision* (Genève, Switzerland: WHO Press, 2020). For more information see: <https://icd.who.int/en>.

³⁴ Adi Renaldi and Jade Poa (tr.) “Inside the Indonesian Hospital Treating Gaming Addiction” (no date), available at: https://www.vice.com/en_in/article/v74p4b/indonesian-hospital-gaming-gadget-addiction-therapy-treatment-rehab

³⁵ John Rosengren, “How Casinos Enable Gambling Addicts” in *The Atlantic* (December 2016), available at: <https://www.theatlantic.com/magazine/archive/2016/12/losing-it-all/505814/>

³⁶ See the EIAG’s advice on alcohol for more information.

sport and gambling, as noted by the House of Lords Select Committee³⁷ means that children and at-risk adults are increasingly exposed to indirect or subliminal gambling advertising.

66. Children and at-risk groups are also being increasingly exposed to a stream of direct advertising for gambling activities. An Ipsos MORI survey found that 96% of people aged 11-24 had seen gambling marketing messages on TV or social media in the previous month and were more likely to bet as a result.³⁸ Researchers also found clear evidence of children following and engaging with gambling-related accounts (including bookmakers and e-sports) on X (previously known as Twitter). The report concluded that the rise of new forms of gambling marketing through social media has increased the ways in which children and at-risk groups can engage with gambling, albeit often innocently. A more pervasive form of marketing, particularly for those vulnerable to gambling-related harm, is the direct marketing targeted at gamblers via texts, emails and social media, offering gratuitous inducements to re-activate an account or sign up to a new product.
67. The EIAG notes that further independent research examining the links between gambling advertising and gambling-related harm for both adults and children is required. It advises the NIBs to engage with portfolio companies (to the extent that their holdings may have exposure to gambling activities) to ensure advertising protects children and the vulnerable from gambling-related harms. This means advertisements should promote safe, responsible gambling, be unambiguous regarding the nature of risks involved and not use features that especially appeal to children. In addition, any direct marketing, including social media, text or email inducements, should be conducted in a transparent way, allowing for total exclusion, and must not exploit the vulnerabilities of customers particularly, children or at-risk adults.

Children and vulnerable adults

68. The minimum age for most commercial gambling in Great Britain is 18, including the purchase of National Lottery products and scratch cards. Society lotteries and football pools are still available to 16 and 17 year olds, although many voluntarily apply an age limit of 18.³⁹ The Government has committed to raising the age limited to 18 for category D slot machines.
69. The Gambling Commission has noted that whilst most young people think that gambling is dangerous and there has been a gradual downward trend in (illegal and legal) gambling by children, there remains a small percentage of children engaging in legal and illegal gambling.⁴⁰ It notes a small but significant increase in online gambling (from 1% to 3% of 11-16 year olds) which the EIAG considers important given the amount of time young people spend online and, as highlighted earlier, the proliferation of innovative online products and the increase in online advertising spend by gambling companies.
70. As noted in the theology reflection above, Christian theology has long held a concern for supporting children as a particular category of vulnerable person. The EIAG notes there are strict rules with regard to children and gambling: the Industry Code from the Industry Group for Responsible Gambling states “care must be

³⁷ Select Committee on the Social and Economic Impact of the Gambling Industry, “Gambling Harm 0 Time for Action” (2 July 2020), available at: <https://publications.parliament.uk/pa/ld5801/ldselect/ldgamb/79/79.pdf>

³⁸ Ipsos MORI on behalf of GambleAware, “The effect of gambling marketing and advertising on children, young people and vulnerable adults” (March 2020), available at: https://about.gambleaware.org/media/2160/the-effect-of-gambling-marketing-and-advertising-synthesis-report_final.pdf

³⁹ Department for Cultura, Media and Sport, “High stakes: gambling reform for the digital age” (27 April 2023), available at: <https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-the-digital-age/high-stakes-gambling-reform-for-the-digital-age#annexa>

⁴⁰ Gambling Commission, “Young People and Gambling Survey 2019” (October 2019), available at: <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf>

taken not to exploit children and other vulnerable people in relation to gambling activity”.⁴¹ It also notes the Gambling Commission is taking a proactive approach to enforce this, but new areas of product innovation and advertising continue to pose threats to the protection of children from gambling-related harms. The EIAG recognises many in the industry are reviewing their practices and introducing protective measures particularly regarding children and vulnerable adults. These companies should be encouraged in their endeavours and also encouraged to include broader measures such as investing in teaching on gambling risks and harms.

The use and misuse of predictive data

71. As previously highlighted by the Church and supported by the work of Tim Cowan and Philip Blond⁴², an area of concern is the use of predictive data which could be used to manipulate future behaviour. The use of technology in online gambling and in some gaming applications can now provide significant amounts of data which will track how frequently users play, which games they prefer, how often they win and lose, what times of day they play and for how long.
72. The predictive ability of the data will know when a user is about to give up and may give them a quick win to boost their time online. These ‘persuasive technologies’ exploit psychological triggers and rewards and other elements of habit formation to manipulate user behaviour.⁴³ Such data provides an asymmetry of power, which could allow gaming companies to target gamers and expose them to addiction. The amounts of data such companies can accumulate can put them in a good position to be able to tackle addiction. For example, by sending messages highlighting how long users have been online, or by turning off after a particular time period. The EIAG advises the NIBs to encourage the gaming industry not to use this data for fostering addictive behaviour and encourages them to use it for methods that help minimise addiction.

Recommendations

73. The EIAG continues to advise that gambling, as a form of normalised exploitation, is an unsuitable activity for the Church to derive any income from. The EIAG reaffirms its Advice to the NIBs to restrict investment in companies whose business is primarily the provision of gambling activities, including provision of gambling infrastructure, and in those companies that materially benefit from the promotion of gambling activities. This is recommended based on the following core concerns:
 - a business model predicated on exploiting and profiting from addiction or human vulnerabilities
 - a reliance on addictive and manipulative techniques which may fuel gambling-related harms amongst the vulnerable and the young
 - a distortion of the ‘sanctity of play’ for financial gain
 - an opacity of relationship between company and individual
74. The EIAG encourages the NIBs to engage with relevant portfolio companies that use gambling techniques regarding the concerns identified earlier in this paper, particularly where a company may encourage or amplify addictive behaviour among its customers, including the use or misuse of predictive data, or target advertising to children or those vulnerable to gambling-related harm.

⁴¹ Industry Group for Responsible Gambling, “Gambling Industry Code for Socially Responsible Advertising”, Sixth Edition (October 2020), available at: <https://bacta.org.uk/2020/09/07/gambling-industry-code-for-socially-responsible-advertising/>.

⁴² Tim Cowen and Phillip Blond, “Online Gambling: Addicted to Addiction” in ResPublica Recommends (August 2018), available at: <https://www.respublica.org.uk/wp-content/uploads/2018/08/Online-Gambling-Addicted-to-Addiction.pdf>

⁴³ For a more detailed consideration of persuasive technologies and predictive data, see the EIAG’s Big Tech Report.

75. The EIAG also encourages the NIBs to engage with portfolio companies offering in-game purchases akin to gambling, where psychological cues with addictive techniques may be employed, to seek protections for children or those vulnerable to gambling-related harm. Such protections may include but are not limited to:
- Clear labelling that a game includes in-game purchases or loot boxes;
 - Restrictions on children’s ability to play games that feature loot boxes;
 - an introduction of age verification when purchasing codes or gift cards;
 - the introduction of initial “zero spend” account limits;
 - provisions over player data and payments, including a user spending limit and time restrictions on usage;
 - more considered attention to the design of games, including gameplay experience such as sensory feedback or entrapment systems designed to encourage further spending;
 - clear indication of drop rates;
 - regulator transparency of the random number generators used for loot boxes;
 - Board/CEO oversight on the risks to people from addiction.
76. The EIAG also encourages the NIBs to engage with portfolio companies offering financial derivative products that may, depending on how they are used, share features with a gambling activity, to seek protections, particularly for those vulnerable to gambling-related harm. Such protections may include:
- a requirement that retail investors take financial advice before purchasing these products;
 - clear indication of winning odds;
 - considered attention to the marketing and design of products designed to encourage further spending;
 - Board/CEO oversight on the risks to people from addiction

Church of England Ethical Investment Advisory Group
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Revision Log

Revision Date	Sections Revised	Description
2005		Original EIAG policy published.
2020	All	Updates throughout, addition of gambling-like activities and CFD products
August 2024	All	Editorial and factual updates throughout. Significant revision of CFD products