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Promoting a prevention policy on online gambling addiction

Report¹

Social, Health and Family Affairs Committee

Rapporteur: Mr Laurent BÉTEILLE, France, Group of the European People's Party

Summary

Whilst new information and communication technologies have become increasingly present in all areas of society, the online gambling market has also seen a considerable growth in recent years, up to a point where more and more people are making excessive or even pathological use of these games. This excessive use is facilitated by an increasing and uncontrolled offer of illegal games which accumulate risk factors for developing gambling addiction, particularly amongst vulnerable groups (isolated people, people on a low income or minors).

The Parliamentary Assembly should be concerned by the lack of awareness of pathological gambling as a social and public health problem. It should call upon member states to clearly and coherently regulate the continuous liberalisation of online gambling markets at European and national level, and to develop resolute policies for fighting gambling addiction, including legal, fiscal and social measures which are also aimed at holding the gambling operators accountable.

1. Renvoi en commission: Doc. 11667, Renvoi 3478 du 29 septembre 2008.



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A. Draft resolution²

1. Online gambling, comprising games of chance and betting on the Internet, have grown significantly in recent years, both in terms of the opportunities on offer and the take-up rate. As a result of easy access, the attractiveness of what is on offer and proactive marketing, online gambling constitutes a much greater risk of players becoming addicted than is the case with more conventional games of chance. Gambling addiction is often common among vulnerable groups (minors, people on a low income, isolated people, etc.) or is combined with other problems (substance abuse, debt, neglect of children, etc.). Unless multilevel action is taken, there is a risk that online gambling addiction will increase in direct proportion to the increasing use made of the Internet.
2. The Parliamentary Assembly is extremely concerned about the considerable economic and social consequences of gambling addiction, or pathological gambling. It notes with concern that the majority of member states have yet to become fully aware of the problem at national level and respond appropriately with targeted policies. European and national regulations on the liberalisation of markets and licensing contain manifest contradictions and loopholes, leaving too much scope for illegal gambling sites to operate and making them attractive for gamblers. The problem is exacerbated by the fact that illegal games accumulate risk factors for developing a pathological gambling addiction.
3. Accordingly, the Assembly calls on Council of Europe member states to take resolute measures at different levels and in the various relevant fields, and notably to:
 - 3.1. create a framework, at national level, for the liberalisation of online gambling markets by means of strict domestic legislation and by establishing regulatory authorities to monitor the implementation of such legislation;
 - 3.2. for those members states which are also members of the European Union, request that at this level the legal situation regarding online gambling be clarified and communicated in a clear manner, and that the respective national policies be accompanied by a relevant European policy also aimed at protecting players from online addiction and criminal practices;
 - 3.3. examine the possibility of dedicating at least a certain share of fiscal revenues originating from the taxation of online games to activities of public interest and in particular the fight against gambling addiction;
 - 3.4. study in greater depth the problem of pathological gambling and its social consequences, especially among the most vulnerable persons, and its relationship with associated addictions;
 - 3.5. acknowledge online gambling as a serious social and public-health problem and outline appropriate policies to deal with pathological gambling, including measures aimed at prevention, such as the supervision of publicity and stimulation of game consumption, media education programmes for young people, and gambler support measures;
 - 3.6. develop services to offer treatment and support for gambling addicts, comparable to those already in place for the treatment of substance addiction;
 - 3.7. promote a legal offer of online gambling which could constitute an attractive alternative to the illegal offer comprising a greater risk of addiction;
 - 3.8. call on gambling operators to develop “responsible gambling” sites;
 - 3.9. run national information campaigns on the dangers of online gambling;
 - 3.10. co-operate at European and international level to harmonise approaches vis-à-vis illegal gambling operators and to learn from respective best practices in this field.

2. . Draft resolution adopted unanimously by the committee on 6 September 2010.

B. Explanatory memorandum by Mr Béteille, rapporteur

1. Introduction

“To win, then to astonish and finally to hope. He has wagered not only money but also his life itself.”

Dostoyevsky

1. The great increase in gambling and betting activities on the Internet (hereafter called “online gambling”) and its growing use present genuine social and public health problems. These arise not only from the existence of such gambling but from its excessive use by certain vulnerable groups such as young people, the unemployed and pensioners. The addiction to online gambling as understood here is a special form of addiction to games of chance and money. The rapporteur will therefore start with the phenomenon of gambling addiction in general and will then include the additional dimension represented by the Internet and analyse the social consequences of excessive gambling (also called problem gambling or pathological gambling depending on the seriousness of the problem) and possible political responses.

2. Addiction to online gambling is not just something that concerns the individual and his or her leisure preferences, though it is still treated as such in many countries. Initial studies on the possible serious social implications of gambling addiction are only just appearing. The rapporteur is particularly dismayed by this lack of awareness and by the absence of national and European studies in this area. In most member states and at international level, online gambling addiction is not even recognised as a health problem. Even a specialised agency like the World Health Organization (WHO) does not include it in its list of health topics.

3. The rapporteur would like to draw member states’ attention to the growing phenomenon of online gambling addiction as a social and public health problem. He stresses that the phenomenon referred to in this report is online gambling, involving financial gain, and not online gaming (Internet games and video games in general). There may be a connection between the two, but generally their characteristics and consequences are very different; naturally, therefore, the response to them must be different. Bearing in mind this distinction, the rapporteur wishes to show how important it is to frame national policies to prevent online gambling addiction and to put in place specific assistance arrangements, going beyond the mutual support provided by associations such as Gamblers Anonymous. In his view, gamblers in every country should be properly monitored and suitable structures similar to those for drug addiction and alcoholism established.

2. Addiction to online gambling: a social and public health problem?

2.1. The concept of “pathological gambling”

4. Games of chance and money have developed strongly throughout Europe since the 1970s. Apart from the entertainment derived by users from their games, the latter may – depending on their nature – become harmful, have a serious impact on the financial and economic situation of the persons concerned and lead to individual, family, social and professional harm, and even lead to genuine addictive behaviour.³

5. The concept of “pathological gambling” as unsuitable, persistent and repeated gambling emerged in scientific literature around the end of the 1980s. Immoderate gamblers were initially regarded as suffering from impulse disorders and such disorders were later gradually included in the non-substance addiction category. The two generally accepted concepts are (1) the “pathological gambler”, whose state or behaviour follows certain criteria noted in clinical diagnosis or a test questionnaire (often the DSM-IV classification tool),⁴ in particular an inability to control his or her behaviour and continuation of this behaviour despite its negative consequences, and (2) the “problem gambler”, who is not classified as pathological but has problems with his or her gambling behaviour.

6. Regarding online gambling in particular, the problems of gambling addiction should be distinguished from those associated with a more general dependence on the Internet, known as “cyberdependence” or “cyberaddiction”, though both types of addiction are closely linked in that a large percentage of “cyber dependent” persons (some 30% according to the European Interactive Advertising Association) are “hooked” on gambling.

3. . “Jeux de hasard et d’argent. Contextes et addictions” (press file), Institut national de la santé et de la recherche médical (INSERM) (French National Institute of Health and Medical Research), Paris, 22 July 2008.

4. . DSM-IV = version 4 of this tool published for the first time in 1994 by the American Psychiatric Association.

2.2. Growth in games of chance and money and prevalence of gambling addiction

7. Games of chance and money have grown strongly in recent years. According to a study by the French National Institute for Statistics and Economic Studies (INSEE) in 2005, the increasing diversity of available games has led to increased spending by the French, which has virtually doubled in twenty-five years: even in 2003 it already amounted to €7.8 billion, that is to say €130 per head, meaning that their share of the household budget is only marginally less than for books (0.9% against 1%). The poorest households gamble more than the rest of the population and the strongest growth is found in the area of coin-operated machines and other instant games, at the expense of horse race betting and traditional lotteries. Nevertheless, the French do not appear to be the most inveterate gamblers in Europe, being slightly below the average in 2005, well behind Slovenia, Spain, Malta and Finland.⁵

8. In the majority of member states, there is no precise data on the prevalence of pathological gambling and even less on online gambling. However, in most developed countries the percentage of the population involved in problem and pathological gambling is generally estimated at 1.5% to 3%. According to international surveys, the United States and Australia top the list with 5% of their populations, while Norway is at the bottom with 0.2%. According to the French National Institute of Health and Medical Research (Institut national de la santé et de la recherche médicale – INSERM), France is in the 1% to 2% bracket, which represents between 400 000 and 800 000 people. According to INSEE, about 500 000 French people regularly try their chance on the Internet, visiting 2 000 sites, most of them illegal at the moment in the absence of systematic deregulation of the market (see below for the legal context).

9. Not all games involve the same risk of addiction. However, no thorough study has yet been made of whether there are some games which are more liable than others to trigger addictive behaviour. Several studies show that the shorter the interval between placing the bet and reaping the expected gain, the greater the possibility of repeating the gambling sequence and the greater the risk of addiction. According to SOS Joueurs (Gamblers SOS) in France, and as far as games of chance in general are concerned, coin-operated machines are the most habit-forming and account for 62% of the calls for help from pathological gamblers to that association. The impact of a large initial gain is also one of the classical factors that set off pathological gambling. With particular reference to online gambling, the following risk factors – which at the same time act as stimulants for pathological gamblers⁶ – have been identified:

- ease of access to gambling at home or at work, and by vulnerable people (minors, drug addicts, etc.);
- high-event frequency;
- interactivity which gives the player the illusion of being in control of the game;
- the virtual payment arrangement which comprises a risk of the player's losing sight of the overall picture and of losing control;
- anonymity which means that the player does not have to reveal himself or herself and can avoid any social control;
- the distraction found in gambling;
- the gradual erosion of inhibitions by entertainment-based approaches, making gamblers overconfident;
- the diversity of what is on offer;
- proactive marketing, including initial special offers, welcome gifts, etc.;
- a very attractive offer for customers in terms of winnings because of the lower investment costs for online gambling.

10. According to experts, it is these factors which add to the particular dangers of online gambling. However, players' vulnerability to pathological gambling may vary: generally speaking, a poor social support and a low socio-economic level go hand in hand with the prevalence of pathological and problem gambling. Once again, in the experience of SOS Joueurs France, 70% of the persons concerned are men, although more and more women are beginning to ask their organisation for help. It also seems that early contact with gambling is a factor in the seriousness of the problem, as in the case of addiction to psychoactive substances.

5. . "Quand la dépendance entre en jeu", Solenne Durox in L'Express, 8 November 2006.

6. . Tobias Hayer, Meinolf Bachmann and Gerhard Meyer: "Pathologisches Spielverhalten bei Glücksspielen im Internet" [Pathological Internet gambling], Wiener Zeitschrift für Suchtforschung, Vol. 28, No. 1/2, 2005, pp. 29-41.

This means that the earlier contact occurs with gambling the more severe the disease may subsequently become. With regard to online gambling in particular, a British study revealed a pathological gambling prevalence rate of 42.7% among regular players.⁷

11. Various studies have shown that young people have always been customers of online gambling. Back in 2000, a British study showed that 56% of a sample of pupils aged between 13 and 15 had used the Internet to play the national lottery. According to a German study, 24% of boys and girls had admitted to purchasing “buy-ins” for online gambling every week.⁸ The rapporteur believes that minors are particularly vulnerable and are at risk of developing an addiction. He therefore wishes to stress the importance of focusing attention on the particular situation of children and young people.

2.3. Social and public health consequences of pathological gambling

12. Pathological gambling, including games of chance and money in general and online gambling more specifically, may have serious socio-economic consequences for players: increased impoverishment, debts, family problems and gambling-linked divorce, suicide, simultaneous addiction to substances (tobacco, alcohol, drugs). These games lead to more numerous social problems in the poorest populations, as for them the percentage of gambling expenditure is higher even if the absolute amounts spent are lower. Even for games not requiring a financial outlay, socio-economic consequences may occur when games are accessible at the gamblers' workplace and jeopardise their professional commitment.

13. A survey of a population of gamblers in Canada reveals that about 25% to 30% of job losses and personal bankruptcies are linked to gambling. In France, data from SOS Joueurs show that 20% of gamblers who have fallen into debt have committed offences (confidence tricks, robberies, counterfeiting of cheques, etc.). According to studies in a number of countries, the social cost of pathological gambling is increased by the costs to families and intangible costs such as distress felt by family and friends, psychological effects of separation, the neglect of children by parents who are addicts, etc. A study in Australia calculates the social cost of gambling at about €15 per head per year, which corresponds approximately to the estimated social cost of cannabis use in France.⁹

14. Recent research indicates that pathological gamblers also have a clear tendency to suffer from associated problems (for example, tobacco addiction, alcoholism or drug addiction), which may increase in parallel with their addiction to gambling: 60% of pathological gamblers show dependency on tobacco and nearly 50% suffer from alcohol dependence. In general, other addictions (for example, illegal drugs) precede the beginning of pathological gambling (particularly in men); people suffering from this type of problem even have a three times higher risk of developing pathological gambling behaviour than the population at large. Pathological gamblers with a background of drug dependency generally also have a greater degree of addiction. Pathological gambling and associated disorders are therefore closely linked and may strengthen one another.

15. Although it may be regarded as a public health problem, pathological gambling basically has causes and effects in the social field. The concept has been the subject of numerous scientific and ideological debates, conflicts of interest and lobbying. However, in many countries excessive gambling is still regarded as an individual disorder rather than a social problem, which often enables the state to wriggle out of part of its responsibilities. Such an attitude ignores the social cost of games of chance and money, as described above.

2.4. Addiction to online gambling as a specific form of pathological gambling

16. In general, the gaming scene continues to evolve, with online games (including those without financial gains which are not dealt with further in this report) occupying an increasingly important place. Video games have been transformed by the development of the Internet and are leading to new multi-gamer practices online. In the case of France, INSEE indicated in 2006 that over 30% of young Internet users (15 to 18 years of age) used it for gaming purposes. One question which remains to be studied is whether young people making excessive use of online games (without financial gain) are also more exposed to online gambling or have a greater chance of developing related pathologies at some stage.

7. . Wood R. and Williams R., “Problem gambling on the Internet: characteristics, prevalence and policy implication”. Paper presented at the Discovery Conference 2005 in Niagara Falls (Canada), 2005.

8. . Schmidt L. and Kähnert H., Konsum von Glücksspielen bei Kindern und Jugendlichen – Verbreitung und Prävention [Gambling by children and young people – Prevalence and prevention], University of Bielefeld (Germany), 2003.

9. . INSERM 2008 (see footnote 3).

17. Certain studies suggest that addiction to pathological gambling is particularly common among online gamblers. Quite apart from the advantages of the Internet (anonymity, invisibility and availability), no real supervision is exercised by the operators. In the case of the United Kingdom for example, 74% of online punters are apparently compulsive gamblers. The various French associations, which have been extremely active since the 1990s, are also in a position to put forward specific figures for pathological or problem gambling online: for example, requests for assistance to SOS Joueurs in respect of online gambling have greatly increased in the last few years, from 4.9% of all requests in 2005 to 27.6% of all requests made up to September 2009.¹⁰

3. Pathological gambling in a wider European economic and legal context

18. Aside from the risks incurred by excessive users of games in general, games of chance and money represent, with their associated peripheral activities, an important area of the economy that creates a large number of jobs and contributes to the development of numerous economic, cultural and commercial sectors in various countries. Gambling in general also makes a by no means negligible contribution to the finances of the state and communities and distributes dividends to thousands of winning gamblers and to various bodies, structures and associations. Thus, in many European countries, online games and betting constitute by far the most important source of income for sports organisations. In 2009, the European Parliament therefore recommended that governments protect sporting competitions from any unauthorised commercial use and take steps to ensure fair financial returns to the benefit of all levels of professional and amateur sport.¹¹ Given these conditions, it is worth underlining the fact that the state plays a dual role by both promoting gambling and protecting its citizens.

19. Online games were estimated to represent about 5% of the total market of games of chance in the European Union in 2009.¹² Recent studies have shown that the online gambling sector today is, to a significant extent, controlled by criminal groups whose activity is facilitated by largely unregulated markets.¹³ In 2005, it was estimated that there were some 2 500 Internet gambling sites representing a turnover of US \$12 billion. At the time, it was also estimated that the turnover would double by 2010. In France alone, it is estimated that the turnover of online games will reach more than €2 billion by 2015.¹⁴ Internet site operators are often based in countries where online gambling is allowed and welcomed as a source of revenue in the form of tax revenue. Thus, many of the online casinos are based in the Caribbean, where the first online casino opened in 1995.¹⁵ In 2010, the number of illegal gambling sites worldwide is generally estimated at about 15 000.¹⁶

20. The rapporteur's initial intention was to study the link between online gambling and cybercrime, to which pathological gamblers would appear to be particularly vulnerable. However, so far there is no empirical evidence for this link. In contrast, in practice it seems that there are more pathological gamblers who develop criminal practices (to finance their gambling) than players who fall victim to criminal practices on the Internet. Because of this lack of evidence, the rapporteur decided to remove the cybercrime aspect from this report and change the title accordingly, putting the emphasis on the problem of pathological online gambling as a social and public health problem. Nevertheless, the legal and economic implications of the problem need to be taken into account, given that illegal games are generally considered to involve higher risk factors for the development of addictions than the legal offer.

21. Despite the economic significance of the sector and the obvious need for stricter regulation, many member states have not yet adopted a clear position through their legislation and, as a result, there is little harmonisation at European level. According to the type of game (lottery, online casinos, bets on sporting events and horse racing), different approaches are followed by various countries: (1) complete prohibition of certain games (United States), (2) maintenance of existing monopolies (Denmark, Finland, Germany, Sweden, Netherlands), (3) "controlled deregulation" of the market by the granting of licences by a regulatory

10. . Information given during an exchange of views on 14 September 2009 between the committee and the expert Ms Armelle Achour, founder and Secretary General of SOS Joueurs France.

11. . European Parliament: "Online gambling: it is up to member states to stop match-fixing and fraud", press release of 10 March 2009 referring to the report of Christel Schaldemose (PES, DK).

12. . Ibid., French version.

13. . Cybercriminalité des jeux en ligne, Livre Blanc du CERT-LEXSI, July 2006.

14. . "Les jeux en ligne entre libéralisation et régulation" [Online games between liberalisation and regulation], www.la Tribune.fr (31 March 2010).

15. . Tobias Hayer, Meinolf Bachmann and Gerhard Meyer, op. cit.

16. . "Les jeux en ligne entre libéralisation et régulation" [Online games between liberalisation and regulation], www.la Tribune.fr (31 March 2010).

body and according to strict specifications (France, Italy), and (4) complete deregulation of the sector (Austria, Ireland, Malta, United Kingdom (Gibraltar)). Besides these general trends, approaches differentiating the type of game can be observed in several countries: thus at the end of 2009, Belgium opened the doors to legislation which could lead to a “nationalisation” of online poker activities.¹⁷ At the beginning of 2010, Norway adopted a law establishing that processing payments for remote gambling without a Norwegian licence would qualify as “accessory involvement in unlawful gambling”. Finland is about to reinforce the state monopolies by allowing them to offer casino games, poker and bingo.¹⁸

22. The lack of harmonisation at European level is helped by certain legal vacuums and diverging positions taken by different bodies of the European Union: online games of chance and money are not covered by the directive on services. The fact that they have been opened up to competition is a result of the completion of the internal market based on the principle of the free supply of services.¹⁹ For years, certain countries, such as France, have taken advantage of the fact that the directive on electronic commerce adopted in 2000 does not apply to games of chance (lotteries and betting) in order to maintain their monopoly situations. However, the European Court of Justice closed this loophole with the Gambelli judgment, delivered on 6 November 2003. It took the view that state monopolies on online gambling were a restriction on the freedom to provide services. Proceedings for violation of the principle of the “freedom to provide services” were subsequently initiated against 10 or so countries, including France²⁰ and Germany.²¹ At the time when the present report was being finalised, the European Court of Justice abolished the monopolies in the fields of casinos and lotteries in Austria and Germany respectively. In its judgment on the Austrian case, the Court considered in particular as contrary to the European law the current regulation, foreseen by the Austrian law on games of chance, according to which the operation of games of chance in gaming establishments was limited to operators having their legal seat in Austria. As far as Germany is concerned, the Court conceded that a monopoly in the gaming field could be justified if the objective to restrict gambling addiction and criminal practices linked to illegal games was pursued in a “coherent and systematic” manner.²² However, it considered the German monopoly as non-justified given that the lottery companies of the German *Länder* particularly focused on maximising their profits through intensive advertising campaigns. These two examples illustrate once again the complexity of the issue treated by this report. Indeed, decisions on game monopolies are sometimes taken on a case-by-case basis.

23. Very recently, however, the European Court of Justice has justified state monopolies in cases concerning Portugal and the Netherlands.²³ In Portugal, for example, the lottery operator Santa Casa has multiplied its appeals to denounce an agreement between the company Bwin and the Portuguese professional football league on behalf of the defence of its exclusive monopoly on sports bets and other lotteries. Against the opinion of Bwin and online game operators, the European judges considered that the Portuguese legislation indeed constituted a restriction to the free movement of services, but that the latter was justified by imperative reasons of public interest such as the fight against criminal practices. They further specified that in the light of the sums of money involved these games carried a high risk of offences and fraud. In fact, this example shows that member states are authorised to restrict the offer of games in the public interest, for example to avoid gambling addiction or organised crime, but that such restrictions must be appropriate and coherent with the behaviour of the state in this field.²⁴

24. Amongst the most appropriate approaches with regard to the prevention of gambling addiction, the one of a rigorously regulated and limited market is strongly recommended by experts from the field, such as the Central Office for Matters of Addiction in Germany (Deutsche Hauptstelle für Suchtfragen e.V.) in order to reach a balance between the satisfaction of the demand on the one hand and the protection of gamblers on the other.²⁵ This pathway is currently being followed by France where the Authority for the Regulation of

17. . “La Belgique se dirige vers une “nationalisation” du poker en ligne” [Belgium turns to a “nationalisation” of online poker], Casino en Ligne, 6 January 2010.

18. . “Norway online gambling payments ban signed into law”, E-Gaming Review, 19 February 2010, www.egrmagazine.com.

19. . “France opens up online games of chance and money to competition”, www.touteleurope.fr (7 April 2010).

20. . Decision in favour of the established operator Santa Casa de Misericórdia de Lisboa, against the Bwin company set up in Gibraltar, source: “Jeux d’argent en ligne: la Cour européenne justifie le monopole des Etats” [Online gambling: ECJ justifies state monopolies], article published in Le Monde, 9 September 2009.

21. . “Free movement of services: Commission inquires into restrictions on gambling services in Germany”, RAPID press release of 31 March 2008, www.europa.eu/rapid.

22. . “Glücksspiel muss in Österreich neu organisiert werden” [New organisation of games of chance required in Austria], Der Standard, 9 September 2010, and “EuGH kippt deutsches Glücksspielmonopol” [CJUE abolishes game monopoly in Germany], www.derstandard.at; <http://curia.europa.eu>.

23. . “EU online gambling limits backed”, BBC News, 3 June 2010: <http://news.bbc.co.uk>.

24. . “L’Italie se conforme à la volonté de la Commission européenne”, Casino en Ligne, 6 May 2010.

Online Games (Autorité de régulation des jeux en ligne) was set up through the adoption of the law on the deregulation of online games of chance on 6 April 2010. One of the main responsibilities of the authority will be to supervise the respect of a list of strict requirements which contains, amongst others, the type of games authorised, which submits operators to a condition of presence on the national territory so as to ensure the access to certain data, or which protects minors from publicity. Moreover, the authority will be able to engage in legal measures to block the access to illegal websites or to initiate criminal proceedings.²⁶

25. In its approach of “controlled deregulation”, France was partly inspired by the approach previously followed by Italy, where an independent agency of the Ministry of the Economy (Amministrazione autonoma dei monopoli di Stato) was set up following a reform in 2006.²⁷ However, only recently, Italy was obliged to undertake a revision of its legislation in order to comply with regulations of the European Union according to which disproportionate restrictions on operators had been noted. The United Kingdom, by far the largest online gambling market in Europe, disposes of a Gambling Commission, but is still expected to reinforce its regulation regarding foreign operators who are often at the origin of illegal gambling sites.²⁸

26. With regard to the fight against gambling addiction, the efficiency of certain restrictions remains to be verified through appropriate monitoring. It seems, for example, that the French law presents some substantial shortcomings and does not really seem to facilitate the fight against illegal sites, of which there are an estimated five to six thousand, representing a market of €4 billion. As certain Internet service providers have indicated, there are many ways of getting round blocked access to illegal sites. Furthermore, there continues to be strong interest by gamblers in illegal sites because of the potential winnings which are significantly higher than on legal sites: the law as passed puts a ceiling on the return rate to players – namely the percentage of bets that can be redistributed – at between 80% and 85%, as opposed to 96% abroad.²⁹

27. Tax matters concerning online gambling are a particular concern for public authorities. A comparative international study shows that various countries use very different tax models for different sectors of games of chance, including true tax systems and systems involving fees. Moreover, the tax rates applied vary considerably from one country to another.³⁰ France, for example, is one of the few countries which raises taxes on the basis of the total sum invested by gamblers and not of the revenues drawn in by the game operators, which leads to a relatively high level of taxation. The French tax system is therefore less favourable, which does nothing to encourage players to turn to the legal market. The tax on sports bets for example amounts to 8.8% in France against 3.8% in Italy. The international study also underlines the importance of taxation of operators for financing activities of public interest within a given country. The rapporteur considers that, in the future, all member states concerned should examine to what extent the revenues stemming from taxation could serve as a resource for financing the prevention of gambling addiction and the fight against illegal practices.

28. Despite their definite increase over the past few years and the extent to which they preoccupy public authorities from a legal and fiscal point of view, pathological gambling and addiction to online gambling have so far been studied very little as a social phenomenon at European and national levels. Member states are just beginning to realise the problem and its social implications. Following long-standing requests by associations and scientific experts, a major study has finally been launched in France by the Directorate General for Health under the Plan for the Treatment and Prevention of Addiction (2007-11) of the Health Ministry, which approached INSERM³¹ for that purpose. The rapporteur welcomes this new approach to the social dimension of the issue and hopes that it will be followed by many countries in the future.

25. . “Prävention der Glücksspielsucht” [Prevention of gambling addiction], Memorandum der Deutschen Hauptstelle für Suchtfragen (DHS), Hamm, March 2007.

26. . “Les jeux en ligne entre libéralisation et régulation” [Online games between liberalisation and regulation], www.latribune.fr (31 March 2010).

27. . Ibid.

28. . “Online betting faces regulation overhaul”, www.guardian.co.uk, 7 January 2010.

29. . “Jeux d’argent en ligne: les failles de la loi” [Online gambling: shortcomings in the law], Le Point, 6 April 2010, www.lepoint.fr.

30. . “Etude comparative internationale du domaine des jeux de hasard” [Comparative international study in the field of games of chance], Swiss Institute of Comparative Law, University of Lausanne, 31 July 2009.

31. . The results of this study have been drawn on heavily in preparing this report.

4. Conclusions – Recommendations

29. Online gambling, comprising games of chance and betting on the Internet, have grown significantly in recent years, both in terms of the opportunities on offer and the take-up rate. Many factors result in an increased risk of developing online gambling addictions. These gambling addictions are also common among vulnerable groups (minors, people on a low income, isolated people, etc.) or are combined with other problems (substance abuse, debt, neglect of children, etc.), and therefore require particular attention from member states in the form of social policies. Unless multilevel action is taken, there is a risk that online gambling addiction will increase in direct proportion to the increasing use of the Internet in our societies.

30. The economic and social consequences of gambling addiction – or pathological gambling – are considerable. However, the majority of member states have yet to become fully aware of the problem and particularly its social dimension. European and national regulations on the liberalisation of markets and licensing contain manifest contradictions and loopholes, leaving too much scope for illegal gambling sites to operate and continue to attract gamblers. The problem is exacerbated by the fact that certain illegal games accumulate risk factors for developing a pathological gambling addiction.

31. The challenges posed by online gambling and pathological gambling cannot be divorced from the legal, economic, political and social questions raised by games of chance and money. Attempts to harmonise public policies must therefore combine the different fields and levels of action as well as individual and collective approaches. Lastly, it is also essential to instil a responsible attitude among online gambling site operators, particularly those that have been given official authorisation. There is a sufficiently high level of knowledge of the various consequences of pathological gambling to develop measures to counter excessive gambling, such as limiting gambling time, or ethical codes of conduct to be adhered to by operators wishing to offer “responsible gambling”.

32. There is a lack of clarity in the current legal situation of online gambling; indeed there are repeated contradictions. The rapporteur therefore believes that efforts must continue to further consolidate the legal situation of online gambling at national level, and to move towards harmonisation at European level. He recommends the “controlled deregulation” of gambling markets at national level, as has taken place in his country, France, and believes that the Parliamentary Assembly should encourage member states to set up online gambling regulatory authorities along the lines of the Authority for the Regulation of Online Games set up in France in 2010. According to experts, this approach seems to be the most appropriate one when it comes to tackling some of the social consequences of pathological gambling, and to finding the right balance between responding to the demand and protecting gamblers from addiction and criminal practices.

33. The first obstacle to any targeted co-ordinated public action is a shortage of data on the problems raised by pathological and problem gambling. In addition to the general prevalence of these problems, the areas requiring further study, notably with a view to orienting social policies in this respect, include the moment when a gambler's behaviour changes from recreational to compulsive, the types of people most vulnerable to addiction (socio-economic category, sex, age bracket), the social conditions most likely to produce addiction, as well as associated types of addiction (substances).

34. To identify possible levels of intervention with respect to pathological online gambling, the responsible national authorities should at least base their activities on existing action plans for the prevention and treatment of (substance) addiction. This approach could be extended to cover the relatively new phenomenon of gambling addiction, which could be treated under the existing arrangements for substance addiction. Measures could be taken concerning hospital or ambulatory treatment, training of medical staff for the support of people displaying addictive behaviour (through public or charitable action) as well as regarding the enlistment of gambling addiction as a new area of research for the scientific community.³²

35. According to the voluntary sector, the most urgent steps to be taken include toll-free telephone numbers or inclusion of a reference to the danger of the typical path taken by gamblers (the three phases of winning, losing and despair, according to the Custer theory)³³ and the danger of the “first win” on all online gambling sites, and action at the level of the banks and concerning loans taken out by gamblers. In tandem with action taken with operators and individual players, experts generally agree that more comprehensive measures should be taken, beginning with national information campaigns on the dangers of online gambling, and greater international co-operation so that countries can take advantage of best practices in this field.

32. . Plan for the Treatment and Prevention of Addiction 2007-2011, Ministry of Health and Support Networks.

33. . See Marc Valleur (psychiatrist-addiction specialist at the Marmottan Medical Centre, Paris) and Christian Bucher: “Le jeu pathologique” [Pathological gambling], 1st edition, “Que sais-je”, PUF, 1997, published in the review, Toxibase, No. 3, 1999.