



GBG Response to the Gambling Commission's pre consultation on the GMTS

Evidence base, impact assessment and timings

Along with the rest of the industry our members had requested an extension to the Commission's pre consultation timeline in order to gather all the information requested, which we expect will inform the Commission's full impact assessment of the proposals. We will continue to liaise with our Members and the other trade bodies and submit additional information as it becomes available.

Please note that we have not duplicated requests for numbers of machines, where other trade bodies have requested it. We have however included information from some of our licensing lawyers whose clients are smaller /independent operators and not necessarily members of either Bacta or the BA, and that information is included in our submission.

It is unclear what known quantified problems the Commission is trying to address with these proposals, and we trust that robust data setting out the scale of the problems (and how these changes will address them) will be included in the consultation document as part of your Strategic commitment to "use data and analytics to make gambling regulation more effective". The Commission must have a base line to be able to effectively evaluate the impact of these changes if they come into force.

We also urge the Commission to ensure that it is fully aware of the implications of the inclusion of legacy machines and machines whose technology is incapable of making the suggested upgrades in the proposals. The impact assessment needs to include but not be limited to:

- the numbers of machines involved
- the costs of replacing them
- the number of gambling premises that will be forced to close
- the associated job losses
- the environmental impact of disposing of 1000s of machines
- the impact on the customer and consumer choice. As set out in the comments below the older legacy machines are incredibly popular with customers and the Commission should be engaging with customers as part of its assessment process.

None of the costs for these proposed regulatory changes can be passed on or simply absorbed. None of these proposals are being presented for the purposes of growth or business improvement, they are simply additional costs to licensed operators which, without seeing the detail impact assessment, appear

disproportionate to the potential benefits to consumers (or the licensing objectives) that the changes will bring.

Our members' look forward to seeing that impact assessment and how the Commission justifies these costly set of measures against a quantified improvement of protection of the vulnerable and a measurable reduction in harm being caused by these products in their current guise.

We urge the Commission to consider the timing of these proposals. Machine numbers will potentially change as a result of the White Paper implications on machine ratios. This will have a direct effect on the 'impact assessment' for the GMTS proposals and therefore, the two changes should not be in process at the same time. Any impact assessment should logically be completed after the changes to machine ratios have been taken into account.

Similarly, the proposals for the removal of the Debit Card prohibition will, when implemented, start to naturally make those machines that cannot be upgraded (to cashless) less and less viable. The consumer will rightly then decide which products should remain in venues and which should be removed.

Key principle:

Our members do not believe that any of these proposals should be applied retrospectively. The changes should only be required on machines/games post implementation date.

Imposing the changes retrospectively will result in:

- Loss of customer choice
- Businesses closing /job losses
- Huge costs to upgrade where the manufacturers still exist
- Manufacturers potentially refusing to upgrade resulting in even more obsolete machines (and operator costs)
- Huge increases in staff costs and system costs
- More premises shuttered up on our high streets and at our seascides

Limit setting

1. Our members disagree with the proposal for a 30 second pause in play:
 - We are not aware that there is any clear evidence that proves mandatory spending limits work. If the GC has some then we request that they share it.
 - Bingo main intervals are normally 20 minutes plus, which does not work well with the default 20-minute alert due to the following mandatory 30 second wait time. Customers will become angry and frustrated at such an intervention during this short break in their bingo session.
 - The second pause in play in AGCs and Bingo Clubs will have the unintended consequence of encouraging consumers to use more than one machine at a time to ensure playing continuity.
 - We are very unsure as to the impact on the Community Games concept when one play may have a limit setting intervention when they are playing in 'a community' scenario. At this stage we don't believe it will work with

Community Games. All of the unintended consequences this proposal might have on this genre of product need to be fully explored and understood before progressing any further.

2. How will the limit setting proposals (20 minutes & 30 seconds) affect the customer journey when they are changing between games?
3. Will the default limit alerts stop appearing if a customer sets a longer time period?
4. There must be an option for customers to choose “no limit setting”.

Staff alerts

1. Our members have major concerns about this proposal given the cost and resource implications:
 - According to the [Commission's machine data](#) the average loss for a 20 minute session on a B3 machine is £17 – which seems low to be triggering an interaction alert.
 - To ensure that the consumer journey is consistent, and that staff in venues have one common process to follow, there will need to be a set of industry standards agreed that everyone implements.
 - Not all machine technologies have the ability to trigger a staff alert without the use of a back-office system. Even then, there will need to be some form of communication between the back-office and the staff on the floor, or wherever they are stationed. This proposal needs a known effective solution in place before it can become a mandatory requirement.
 - There are also concerns about the volume of non-essential alerts being sent to staff, causing a distraction from the important tasks they have to do. The abovementioned GC data indeed suggests there will be millions of alerts /year across each sector. This brings the unintended consequences of a) distracting staff from important consumer service provision and compliance work and/or b) creating lots of ‘noise’ that is neither helpful nor useful.
 - It is very unclear as to what staff are expected to do with the alerts when they receive them. What constitutes “ *Acting on them in appropriate and timely fashion*”, especially given the potential volumes involved?
 - Likewise, there are serious concerns about the implications of tagging an alert to an anonymous consumer, and then somehow advising those on the next shift as to which consumers have already triggered an alert. This has inherent GDPR implications that the GC must address before suggesting it could become a mandatory requirement.

Net position display

1. Our members have concerns about the viability of “one click away” . Two/three clicks would be more realistically achievable:
 - Even on new products, this proposal will need considerable development, and the timescales may therefore be unrealistic.
 - One click away’ means every game on a terminal would have to have the button and functionality installed - as opposed to it being a function in the menu that covers all games.

- A potential alternative solution is for the system (e.g. TiTO) to provide the time and spend information. We would need to understand which machine software could (and couldn't) be upgraded accordingly.
 - Similar to staff alerts, the GC should ensure that there are no security or GDPR issues around the public display of personal information such as time spent on device and/or their financial position when it can be directly related to an individual.
2. A "playing session" will need to have an agreed definition for this to be installed on all gaming machines.

Safer Gambling messages

1. Our members already display safer gambling messaging but have raised a few points of clarification:
 - Why would you have a 30 second break and show SG messaging when the consumer is lowering their settings?
 - As mentioned in the limit setting section, a 30 second break in play has the potential to encourage consumers to start the habit of also playing the next machine (and so on) to alleviate the wait time.
 - Is the 30 seconds in this proposal on top of the 30 second transaction wait time to be introduced with the cashless, leading to a full minute before a consumer can play?

Celebrating awards less than the stake

1. Our members have expressed the following concerns over this proposal:
 - Historic games will need reworking at huge cost plus, many games will be lost as developers no longer available to rework the games.
 - It will be a huge task to identify which games will need to be reworked. Is this really proportionate to the harm being caused by these low stake games?
 - It is already in the Ethical Game Design Code for newer games.
2. Why are these licensed gambling sub-sectors having this imposed when lottery wins lower than the stake are rewarded/celebrated (for example) via email?
3. Our members would have no issue in committing not to introduce this feature on any future games.

Spin Stop

Our members have questioned why this is necessary given that all games are governed by the 2.5 second rule and it's a requirement for new games in the Ethical Game Design Code. We don't understand what consumer issue the GC is trying to fix with this (and indeed all of the other) proposal(s).

Implications for Multiple games on same device

1. These proposals go against the principles of multi game terminals. Games are individual. There is no reason why games of a different era shouldn't be treated differently, unless they are proven to be causing unnecessary or excessive harm.
2. Manufacturers introduce new games every month so, based on your proposed implementation, in first 6 months all games will need to be updated, or no new games introduced for 18 months. This is an unnecessary restriction on the industry and it a disproportionate anti-growth measure.

3. In terms of terminals/tablets that contain games of a different category, complying based on the highest category of game offered this will involve a lot of work and raises issues:
 - For example some content on tablets whose manufacturers are no longer in existence. The tablet might not be obsolete overnight but maybe 50% of the content will be.
 - B4 terminals with Cat C content – does that mean the Cat C games have to meet the requirements to set limits/SG messaging/display net position and time?
 - Would a Cat D have to be brought up to the same requirements as a Cat B if they sat on the same terminal? – this seems very excessive.

Impact on Smaller and Medium (SME) operators

We have consulted with a number of smaller licensed operators who were asked to provide numbers or machines likely to be impacted and what the effect would be on their business if they could no longer operate any of these gaming machines.

Total numbers from 17 operators, where they provided exact figures

Total Cat B legacy machines	40
Total Cat C legacy machines	953
Total Cat B unsupported	109
Total Cat C unsupported	72

To give you a flavour of the anxiety that this is creating, samples of their individual responses are included below.

1. We have a number of machines that are no longer supported by the manufacturers (2 Cat B, 12 Cat C). The effect on my business would be disastrous as I would have to replace all 14 machines at cost of approximately £100,000 .
2. We have 2 Cat B legacy and 19 Cat C legacy plus 1 Cat B which is no longer supported. If we could not operate these machines then we would not be able to replace them costs involved. We are a small business, and all other operating costs have doubled the last couple of years and this will make us struggle to operate our business. Our staff will lose their jobs, and we will not see any benefit in continuing with running a business in this industry.
3. We have a number of legacy machines (6 Cat B and 11 Cat C) . We would see a drop in takings instantly as well as a financial cost to replace them - seems like another way for the industry squeezing small operators to upgrade their kit.
4. Apart from my newest B3 machines the rest of my both arcades are I believe to be older legacy (17 Cat B3 plus 75 Cat C). So I'm my case I couldn't afford to buy literally a new arcade full And in all honesty they the newer stuff doesn't do as well the old stuff hence I keep what I have .

5. We don't have a huge amount of pre 2007 machines left but the thought of having to scrap them and the need to replace them with new modern machines would be a big financial burden that we wouldn't be able to do in one go.
6. We have a number of legacy machines (1 Cat B and 34 Cat C) plus 6 more Cat B 2007+ machines that are not capable of software update. The immediate affect would be £1,500 loss per week on one site alone. To add to this, we would have to close the site, resulting in the loss of 3 jobs. This would be as we are not financially able to replace those machines with modern equipment in such a small-time frame. We only replace equipment when it is no longer repairable. This does mean that we have a lot of older equipment, but this procedure stops us from over buying.
7. We have 17 Cat C legacy plus in terms of 2007+ machines we have 3 Cat B3 and 2 Cat C machines incapable of software updates. I would be very disappointed if this change is made as our older reel based machines are still very popular and would be very expensive to upgrade this equipment .
8. Legacy machines - 2 Cat B, 36 Cat C. Lots of our regular customers love playing the older style games & DONT like the newer style games at all so this would have a massive impact to us & to be honest could lead to us closing the doors , so yes please do all that is needed to stop this action .As a small business it's getting harder & harder , but this action would cause damage beyond belief with the end result of business closure, & I'm sure we won't be alone as there is plenty of players / regulars looking for the older style gaming machines & I'm sure I speak on behalf of most of the amusement industry! Most of this season we have had lots of compliments regarding the operation of retro / older style gaming machines across all categories.
9. We have 14 Cat C legacy machines - none of these are able to have their software updated due to either manufacturers not being in business, or manufacturers not supporting these machines any longer. These machines are important to us. They are some of the most liked and played by some of our older customers. It is for this reason we still have them and try to keep them operating for as long as we can.
10. We have 24 Cat C legacy plus 1 Cat B 2007+ incapable of software updates. The effect (of these changes) would be a huge investment into equipment where I would no longer own the games as most Cat C product is now on line with ongoing rental contracts. I would anticipate a £160-200k hardware investment, with ongoing game rental packages of an estimated £30k per annum. This just wouldn't be viable to replace this amount of old equipment, so my obvious option would be to cut back on Cat C, introduce infills or tablets and increase the B3 offering.

11. We have 6 Cat C legacy machines . The financial effect would be an average of £1000 per week and the cost of replacing the machines.
12. At one site I have 5 B3 legacy machines and another 5 Cat B 2007+ incapable of being updated, plus over 100 Cat C legacy machines. At a second site I have 50 to 60 Cat C Legacy machines which would put that business under strain in terms of replacement and 35 Cat C legacy machines at a third site. This proposal to remove legacy machines from my business would be very destructive and would be extremely awkward to accommodate a loss of so many machines from all three of my sites and would force upon us a crippling amount of investment just to replace machines which obviously the cost would damage my business and potentially later on, risking employment.
13. We have 2 sites. At one there are 5 Cat C Legacy plus a number of 2007 machines which would not be capable of updates (7 Cat C and 1 Cat B) . 63% of our Cat C Machine would become obsolete . At the second site we have 25 Cat C legacy and a number of 2007+ machines which would not take updates (20 Cat C and 3 Cat B). this would make 60% our Cat Cs and Cat Ds obsolete. This change in legislation would impact our business severely. We have built a strong customer basis for whom these older machines are still very popular. This would mean a substantial cost for us to buy new machines that meet these new standards as well as whatever costs would be involved in updating any machines, we would be able to retain.
14. We have 9 Cat C legacy a small number of B3 that may not upgrade. The machines are popular with a cross section of players, and they enjoy playing them. I think it would be detrimental to our business if we could no longer have reel based equipment, which players enjoy. The impact is hard to gauge but it would, I am sure.
15. We have 151 Cat C (120 legacy, 31 2007+) machines and 40 B3/B4 2007+ machines that would not be capable of the necessary software updates
16. We have 5 Cat B legacy – and 161 Cat C legacy machines plus a further 49 Cat B 2007+ that are not able to accept software updates. If we could no longer operate the pre-2007 machines along with those unable to be updated the effect upon our business would be enormous. We try to appeal to senior customers by providing classic machines which tend to be uncomplicated easy play machines. As well as this familiarity, the customers appreciate the low stakes upon which they operate. If we were forced to replace more than 200 of our machines the cost would be prohibitive. We would be forced to provide machines which would inevitably only be available to us if we paid for games content. The price to us of the games content would rise and there would be no guarantee as to how long this would be available before the supplier informed us that that platform/technology was being replaced with new and no longer supported. Small/medium independent businesses like ourselves would be forced to

close due to lack of profitability. The customer would lose out due to lack of choice.

17. I have @200 Cat C legacy machines. If I could not run Pre 2007 Cat C machines, As I am a retro arcade this would finish the business. I think CAT C pre 2007 is a low risk due to low stakes and jackpot.