

GAMING MACHINE TECHNICAL STANDARDS CONSULTATION: WHY?

“It fails, in our view, to present a coherent justification for why they are needed”: independent analysis finds no evidence in Gambling Commission’s call for technical standards changes

The Gambling Commission’s proposals for changes to Gaming Machine Technical Standards could push hundreds of businesses on the high street to the brink. And for what? That’s the question coming out of an evaluation report, commissioned by the **Gambling Business Group**, into the regulator’s consultation document on GMTS which is currently under review. The report concludes that the regulator provides no credible evidence as to why GMTS proposals are even on the table, let alone how it can justify the catastrophic economic impact of removing tens of thousands of machines from high street venues.

It has been described as an existential threat to amusements, gaming and gambling venues on the UK’s high streets, and the industry is taking this threat - currently being championed by the Gambling Commission - very seriously.

The regulator’s ‘Proposed changes to Gaming Machine Technical Standards’ is now out for consultation, but for nearly everyone in the industry, it’s being viewed as a regulator purely ticking the boxes. For them, most argue, it’s about implementation regardless of consultation.

So, why is the Commission in the dock? The answer circling around one of the only industries currently investing in the UK high street is simple: why are gaming machine technical standards even on the consultation table?

It’s a pretty simple response, but it’s one the GC is finding difficulty in answering.

Dan Waugh of Regulus Partners, the highly regarded industry analyst, has authored a report, commissioned by the Gambling Business Group, assessing the evidence of the regulator’s current target of interest: gaming machine technical standards.

And in truth, it wasn’t the most challenging issue for Waugh to investigate.

“It fails, in our view, to present a coherent justification for why they are needed and why they are needed now (and not, for example, five years ago),” he told Coinslot.

“They”, you may be wondering, are the Gambling Commission’s Gaming Machine Technical Standards proposals outlined in its consultation document, which has been despatched to the industry as part of its dialogue on the subject.



A WAUGH ON WORDS RATHER THAN EVIDENCE

Not surprisingly, Dan Waugh’s report doesn’t hold back on criticising the rationale for changing GMTS.

He explained: “The Gambling Commission fails to articulate with any degree of precision the nature of the ‘problem’ the proposed regulation seeks to address. Somewhat unusually, no casework is cited or examples of harmful gambling that the proposed new measures are designed to address.”

The Gambling Business Group, alongside its fellow trade bodies, has been busily canvassing membership opinion on the GMTS, and given the serious implications of the GC’s proposed changes, it decided to commission an assessment of the regulator’s consultation.

An absence of evidence ... any evidence

Dan Waugh said...

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Peter Hannibal, GBG chief executive, outlined why the trade group felt compelled to test the consultation document: “The GBG’s Strategic Aim is to ‘fact check’ as much new information and evidence as we can relating to gambling in the UK - and call it out when it’s unreliable or misleading. So we commissioned an evaluation of the GC’s evidence supporting their proposals for change in the current Gaming Machine Technical Standards consultation document.”

TECH NUMPTY VERSUS TECH SAVVY?

So, faced with a consultation that says what it wants to do with technical standards, rather than why it needs to do anything with them at all, the Commission has seemingly blundered its way into an arena where it lacks the technical credibility.

Peter Hannibal, himself an expert in tech-

nical standards having written industry standards for a wide range of machine applications for decades, remains perplexed at the Commission’s positioning

“There are really only two important points here: firstly, there is no viable evidence put forward by the Commission that supports this review of the standards. And secondly, most importantly, the proposed options offered up by the GC will literally put most of the small to medium sized operators on our high streets out of business, including a large number of the small family businesses in the industry who will likely finish. On top of this is the clear risk these proposals level at gaming machines on which thousands of members clubs across the country are dependent for their survival. It’s that serious.”

AND THERE YOU HAVE IT FOLKS: THE ‘EXISTENTIAL THREAT’

Peter Hannibal is very clear on the financial impact. “This GMTS proposal affects literally thousands of machines - and really popular machines with customers who enjoy playing their legacy games. To replace them all will cost small businesses tens of millions of pounds - which means you need convincing evidence that GMTS requires change,” he warned.

“The fact that the Commission does not define the issue that their proposals are trying to fix is, quite simply, because they can’t,” he contested with some degree of force.

“And we all know that what can’t be defined can’t be measured. So how will anyone ever know whether these proposals are proportionate or not?”

And here’s an oopsy alert for the Commission. This point alone appears to be in breach of the Regulators’ Code.

“This is a damaging proposal and it will



A proposal for shuttered shops

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robustness of the Commission's approach. In some instances, we consider the Commission's presentation of evidence to be misleading," he noted.

And there's plenty more of that in the Waugh Report which will raise alarm bells amongst both the membership of the Gambling Business Group and far, far beyond.

THE CONSULTATION CONUNDRUM

So what next? Peter Hannibal replied: "We're currently analysing the report and we'll bring it in meetings with the DCMS and Gambling Commission. We all insist on reliable evidence - but this report suggests that there is neither evidence nor reliable data on GMTS at the Commission's disposal to even mask as evidence."

He concluded: "This is such an important issue with drastic implications. We have to impress upon the Commission that their proposals are neither workable nor backed up by evidence. The GMTS proposals as they stand are more likely to shut the industry down, rather than enable responsible growth which the Commission has been instructed by the Government to explore."

But, equally important, the impact of GMTS revisions are not just damaging to the businesses, the biggest losers are the players themselves as Hannibal laments.

"The fundamental flaw in the Commission's consultation document is the absence of any interest in the consumer and the player's wishes. It is so indifferent to the millions of customers, almost to a point of disregarding them completely. That's not a good place to be for a regulator. And, if the consultation is rail-roaded through, it's definitely not a good place to be when it comes to the future of the UK's high streets."

put thousands of people out of work and will shutter venues on high streets all over the country," he asserted.

HIGHLIGHTING THE LOWLIGHTS

The Gambling Business Group is currently taking stock of the Regulus Partners report, but one thing is immediately clear: it certainly reinforces the fears that businesses share about the motivation behind the consultation. In its report, Regulus concluded:

- (The evidence) fails to articulate with any degree of precision the nature of the 'problem' that the proposed regulation seeks to address
- No casework is cited or examples provided of harmful gambling that the proposed new measures are designed to address
- On repeated occasions, salient (but perhaps inconvenient) findings from their referenced academic papers are omitted
- The impression is of a selective approach to evidence gathering, with research curated to support policy proposals rather than policy proposals being based on a weighing of the available evidence
- And one notable omission from the consultation document is any research on customer attitudes towards the proposals.

A CONSULTATION IN SEARCH OF A REASON...

The conclusions that can be drawn, as far as GBG chief Peter Hannibal is concerned, are quite definitive in themselves. "It does appear from the findings that the evidence has been sought by the Commission in retrospect in an effort to support their proposed changes," he said.

"Furthermore, the Commission is now busy looking for evidence from the industry to help support their proposals - after the publication of the consultation document.

Surely this evidence should have been gathered before coming up with (and in support of) their proposals, not afterwards".

It is a fair point.

Hannibal explained further: "It doesn't seem to be the case that there is a specific harm-causing issue that the GC is trying to fix. It is more a case of 'here are our proposals, now show us the smoking gun.'"

DESPERATELY SEEKING EVIDENCE

And Regulus Partners' detailed report certainly hammers this particular point home on numerous occasions, all the while applying a thousand cuts to the Commission's proposals.

References made by the regulator to reports and studies are particularly selective; many of the reports referenced are out of date and from other countries; conclusions shift across from the online arena to the land-based sector which is misleading; heavy use of the GSGB stats which remain unreliable according to the GC's very own independent assessor; inaccurate historical comparisons that detail a rise in play rather than falls; slanted references to consumer spend on particular machine genres...

SO, IS THIS ALL YOU'VE GOT?

For a regulator so intent on protecting its data from misuse by industry observers, analysts and interested stakeholders, the Regulus report does make you wonder whether the GC's data should actually be protected from misuse by its very own hand?

The report's author Dan Waugh was very clear on the flaws. "Where specific measures are concerned, the consultation document cites findings from a small selection of research papers from around the world as well as its own research.

"Many of the findings from these papers appear uncontentious but the fashion of their presentation raises questions about the

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