MALTA GAMING AUTHORITY

AN INQUIRY INTO THE CONSUMPTION OF GAMING SERVICES BY MALTESE RESIDENTS

ECONOMIC AND SOCIAL CONSIDERATIONS

MARCH 2017

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Gaming services have become an essential component of household consumption especially with respect to recreational activities. They may entail elements of contribution to economic activity and socialisation, but may also lead to threats to the sustainability of lifestyles. The report investigates these aspects and highlights the role of the Malta Gaming Authority (MGA) in consumer protection and in promoting responsible attitudes in gaming behaviour. The conclusions presented here are based on the results of a survey commissioned by the MGA.

Executive Summary

The Maltese population is estimated to have spent €125 million in gaming services during 2015. This constituted around 2.8% of total household consumption expenditure[1], and around one fourth of the total expenditure on recreational and cultural activities. National Lottery games are the most prevalent form of gaming, closely followed by expenditure on gaming parlours and outlets.

Around 195,300 persons are estimated to have spent money on some form of gaming activity in 2015, which is close to 56% of the population aged 18 and over. The average weekly expenditure by these persons stood at €12.30. While two-thirds of players spent no more than 2% of their income on gaming services, around 9% of players spent in excess of one-tenth of their income on gaming. Survey results indicate that around 46% of the population engaged in games which were available for free.

The average time spent by individual players in gaming activity is estimated to be around 40 minutes per week. The game with the highest allocation of time is tombola, with almost 42,000 players playing on average for 70 minutes per week. A significantly higher number of individuals, almost 71,000, visit gambling parlours, with an average time of 27 minutes per week. Well over half of the players spend no more than 10 minutes in playing each week, reflecting the strong component of players involved in National Lottery games. Around 6.5% of players are estimated to spend more than two hours per week in gaming services against payment.

[1] NSO, News Release 041/2017.

The persons who engage in paid gaming activities are most likely to be aged 45 and over, have a secondary of education and are not active in the labour market. In terms of family type, the persons who engage in paid gaming services are equally likely to be married, living with a partner, and single parents, and less likely to be living alone, with parents, or friends.

In general, around 1% to 2% of the population who acquires gaming services against payment reports some type of adverse effect on their lifestyle. Survey responses also indicate that 3% of the population smokes more while playing, and a 5% difference in the population who has problems in making ends meet between those who play and those who do not. These responses, however, are not to be necessarily attributable to gaming, but may be due to other influences on the lifestyles of the population who engages in gaming services against payment.

The findings of this survey thus imply that problems associated with gaming activities conducted through regular channels are relatively contained. This indicates that, more likely than not, more extensive and serious problems would be emanating primarily from illegal gaming activities. While such problems may be also be linked to other forms of entertainment apart from gaming, the identified issues for social sustainability with respect to gaming undertaken under established rules and regulations should be studied further and potentially be subject to more intensive policy engagement.

These considerations, in good part, mirror the feedback received from NGOs involved in social issues in relation to the statistical survey undertaken by the MGA[2].

NGOs involved in mitigating social issues stemming from gambling emphasise the need for further resources to be dedicated to training of professionals in gambling addictions, enhancing institutional collaboration, increasing general public awareness of the risks and pitfalls of irresponsible gaming behaviour, and strengthening prevention, treatment and rehabilitation in a focused and personalised manner.

In line with these considerations, responsible gaming is one of the paramount objectives which guide the MGA's regulatory ethos. The MGA is committed to safeguard vulnerable consumers through self-exclusion arrangements, controls on advertising and funding of programmes aimed at consumer protection. The MGA will be further increasing its engagement in this regard through a wide-ranging regulatory overhaul which it will be implementing in 2017.

[2] Malta Gaming Authority (2016), A Survey on the Gambling Behaviours Among the Maltese Population.

€125 MILLION

is the estimated amount spent by Maltese population in gaming services during 2015. This constituted around 2.8% of total household consumption expenditure.

56%

of the population aged 18 and over are estimated to have spent money on some form of gaming activity in 2015, which is close to 195,300 citizens.

40' minutes

is average time spent by individual players in gaming activity per week.

1% - 2%

of the gaming population acquires gaming services for payment reports some type of adverse effect between gaming activity and lifestyle.

NATIONAL LOTTERY GAMES

are the most prevalent form of gaming, closely followed by expenditure on gaming parlours and outlets.

€12.30

is the estimated amount spent by players on a weekly basis across all types of games. The vast majority spend no more than 2% of their income on gaming services.

46%

of the population engages in games available for free.

45+ year olds

who have an educational attainment up to Secondary level and not active in the labour market, are most likely to engage in paid gaming activities.

01

Introduction

The Malta Gaming Authority (MGA) has commissioned a survey to analyse trends and behaviourial attitudes of the Maltese population with respect to gaming activities[2]. The objective of the exercise was to compile information relevant to the Authority, principal stakeholders and the general public regarding the impact of gaming activities on the consumption patterns and lifestyle of the population, and to contribute to an informed discussion regarding consumer protection and player responsibility. The results were utilised in a consultation exercise with main stakeholders. This report presents a summary of the results, a discussion on their implications, taking into account the outcome of consultations, and a description of the main policy orientations and actions being taken by the MGA in the fields covered by the survey.

The survey exercise was conducted in the course of January 2016 and the questionnaire covered consumer behaviour over the previous 12-month period. The target population for this research was the Maltese population aged 18 years and over, identified on the basis of official population data[3]. A total of 1,000 valid responses were collected, in a manner which best ensures representativeness of the Maltese population in terms of place of residence, gender and age. The sample is estimated to give results with a margin of error of less than 3.1%[4].

The type of gaming activities covered by the survey include those involving a financial outlay and those played for free. Games involving a financial outlay include remote gaming, games played in the course of social activities, casino and parlour gaming, tombola and the National Lottery. Gaming involving financial outlays falling outside regulated activities are not covered by this exercise.

This report presents the principal results of the survey in terms of economic, social and policy implications. The first part of the report analyses financial outlays in gaming in relation to household consumption and income in Malta. This is followed by an analysis of the allocation of time, which is also a scarce resource, to gaming activities, including games which are played for free. The third part of this report presents a demographic perspective of gaming activity, by discussing main trends in behaviour by gender, age and other relevant variables. This is followed by a discussion of gaming activity on social interactions and potential implications for sustainable lifestyles.

[2] Malta Gaming Authority (2016), A Survey on the Gambling Behaviours Among the Maltese Population.
[3] NSO (2015), Demographic Review of the Maltese Population (2013).
[4] at the 95% confidence level.

02

Gaming recreational services in relation to consumer expenditure and household income

The Maltese population is estimated to have spent €125 million in gaming services during 2015. This constituted around 2.8% of total household consumption expenditure[5], and around one fourth of total expenditure spent on recreational and cultural activities. Outlays on gaming activities are furthermore reckoned to have absorbed around 2.4% of the gross incomes of Maltese households in 2015[6].

€125 MILLION

is the estimated amount spent by Maltese population in gaming services during 2015. This constituted around 2.8% of total household consumption expenditure.

Chart 2.1: Distribution of Outlays on Gaming in 2015

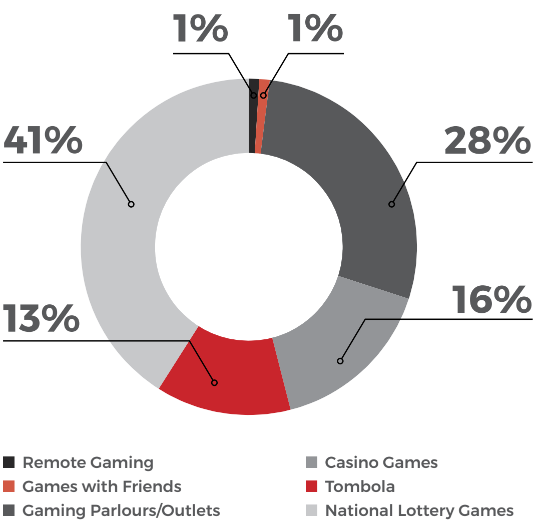


Chart 2.1 presents the distribution of household expenditure on gaming activities in 2015. The predominant form of expenditure on gaming is taken up by National Lottery games, which amounts to 41% of the total gaming activity. This is closely followed by expenditure at gaming parlours and outlets, which accounts for another 28%[7]. The next largest gaming categories in terms of expenditure are Casino and Tombola, absorbing around one-seventh of total expenditure each. Remote gaming and games with friends each account for very minimal shares of expenditure. The finding with respect to remote gaming may change significantly in time due to technological developments and increased access online.

[5] NSO, New Release 041/2017.
[6] NSO, New Release 152/2016.
[7] Part of National Lottery games would have been played in gaming parlours/outlets. This is included within the National Lottery games category.

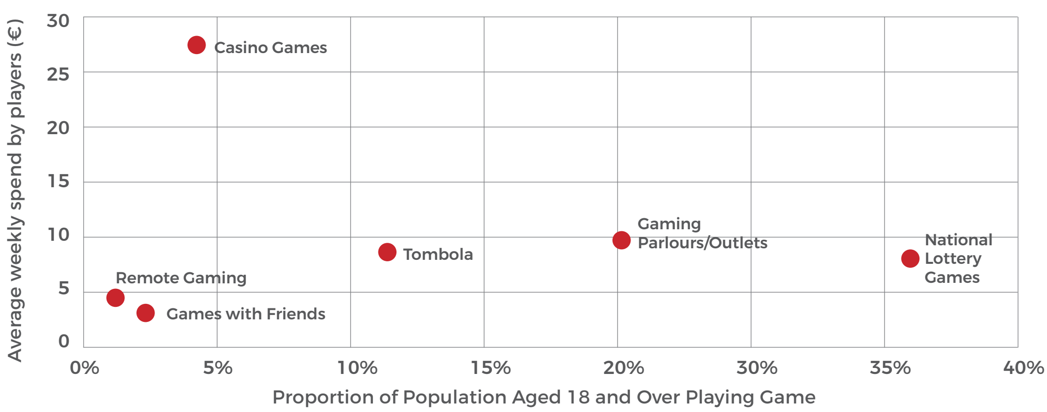
Around 195,300 persons are estimated to have spent money on some form of gaming activity in 2015. This amounts to close to 56% of the population aged 18 and over. The average weekly expenditure by these persons is estimated at €12.30, which is approximately equivalent to the average wage for one and a half hour's of work in Malta in 2015.

€12.30

is the estimated amount spent by players on a weekly basis across all types of games. The vast majority spend no more than 2% of their income on gaming services.

Chart 2.2 analyses the players within the Maltese population and the average weekly spend by type of game. The heavy total expenditure on National Lottery games is in the main explained by its popularity with a wide player base, amounting to over 35% of the population aged 18 and over. Their average spend is around €7.80 per week. Gaming parlours and outlets, which also attract a notable portion of aggregate expenditure, involve a significantly lower proportion of the population, at around 20% of persons aged 18 and over. Their average weekly spend is however relatively higher than what is spent on National Lottery games, reaching €9.36 per week.

Chart 2.2: Population of Players and Average Weekly Spend by Type of Game

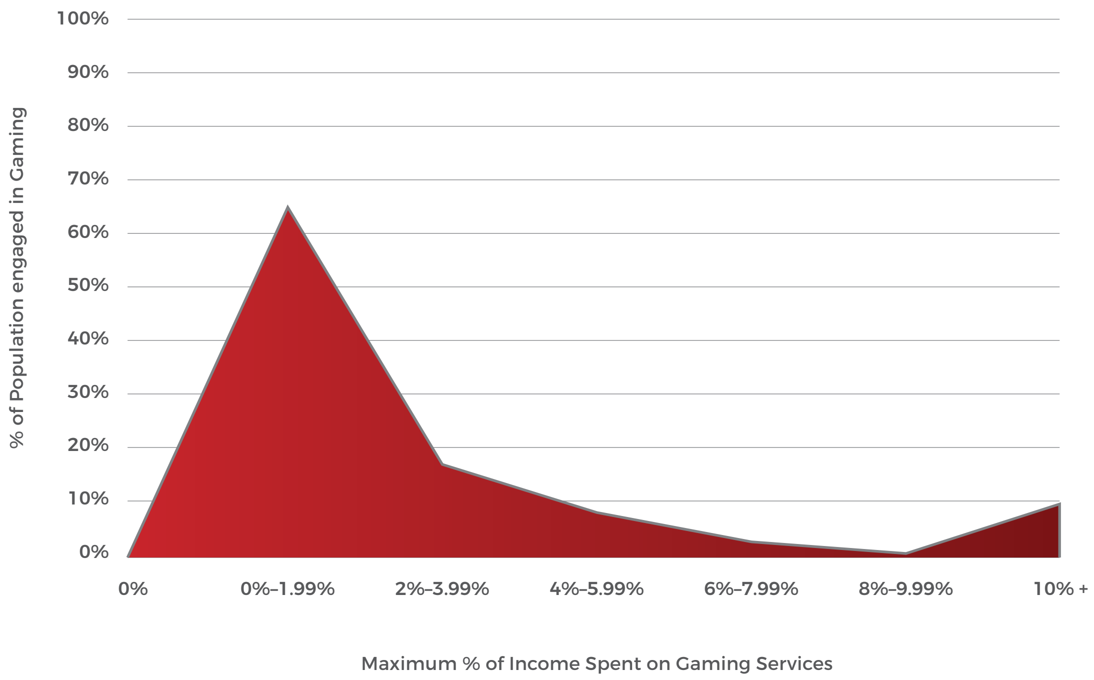


Around one-eighth of the population played Tombola in 2015 with an average spend of €8 per week. A similar level of aggregate expenditure was reached by Casino games, which, however, involved only 4% of the population, spending an average of €26.96 per week. The least popular game categories are the social and remote categories, each of which involved less than 3% of the adult population with a weekly expenditure not exceeding €4.50 per week.

It is to be further noted that over 71% of the players play in only one of the game categories. Around 23% are involved in two categories, while around 6% are involved in three categories or more.

Chart 2.3 indicates, for the population which acquires gaming services, the maximum amount of income spent on such activities. It shows that 65% of players spend no more than 2% of their income on gaming services. This analysis furthermore shows that while the vast majority of players appear to maintain an affordable level of spending on gaming services, 9% of players spend in excess of one-tenth of their income on gaming. The overall average spending is 3.1% of income.

Chart 2.3: Proportion of Income Spent on Gaming



Gaming also provides opportunities for recreation which do not involve the spending of money, and these are typically enjoyed by 46% of the adult population. Survey results indicate that such games are popular with the Maltese population, with free computer games being played by 71% of the free-to-play player population, free internet games played by 73% of the player population while other games being played by 76% of the player population in the year under review. This is within the context of official statistics which show that 81.2% of the population had access to the internet in that year, of which 76.2% were regular users[8]. These behavioural patterns are also subject to changes over time as the population gains increased and diverse access to computer and internet devices.

[8] NSO, News Release 030/2016.

03

Gaming recreational services in relation to household time budgeting

Players spent an average of just over half an hour per week across all types of gaming services acquired against payment in 2015, as shown in Table 3.1. In terms of the 195,300 individual players who may have engaged in more than one type of gaming service, the average time spent is estimated to be around 40 minutes per week. This information is derived from the data shown in Table 3.1, which also indicates the total number of hours spent by the Maltese population per week on each type of game. The game with the highest allocation of time among the population is tombola, reflecting, in good part, the fact that almost 42,000 players each play, on average, for 70 minutes per week. A significantly higher number of individuals, almost 71,000, visit gambling parlours, with an average time of 27 minutes per week. This is the category with the second highest total allocation of time among Maltese players.

Table 3.1: Hours Spent on Paid gaming Activity (2015)[9]

Type of Game	Individuals Playing Each Game	Total Time Spent per week (hrs)	Average time per player per week (mins)
Remote Gaming	4,197	3,457	49
Games with Friends	9,443	17,661	122
Gambling Parlours/Outlets	70,994	32,181	27
Casino Games	13,989	14,231	61
Tombola	40,918	47,973	70
National Lottery Games	126,250	16,097	10
TOTAL	265,790[9]	131,600	30

[9] The total of 265,790 shown in Table 3.1 does not relate to individual persons but the individuals playing each type of game, whereby any one of the 195,300 players within the adult population may engage in more than one gaming activity.

A player engaging in social games spends an average of 112 minutes per week, reflecting the nature of activity involved. Casino players spend an average of one hour per visit. The category with the lowest allocation of time among the population is remote gaming, reflecting the relatively small number of players involved, which may however be increasing over the years.

Table 3.1 also provides an indication of the extent of play intensity in each type of game. Out of an estimated 265,790 episodes of gaming by Maltese players in 2015, 47.5% involved National Lottery games. Gaming parlours and tombola accounted for around 27% and 15% respectively. The remaining categories accounted for minor shares, the larger of which was casino visits with 5% of the total number of episodes of gambling.

40’ minutes

is average time spent by individual players in gaming activity per week.

Chart 3.1: Time Spent Playing per week

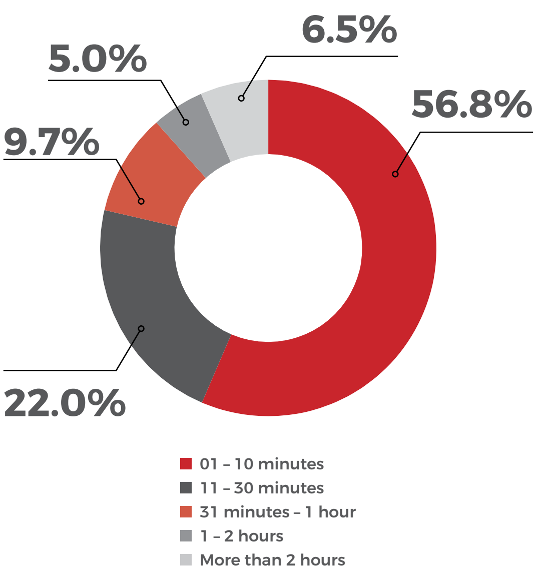


Chart 3.1 presents a distribution of players in the Maltese population by the time spent on gaming services acquired against payment every week. Well over half of the players spend no more than 10 minutes in playing each week, reflecting the strong element of players involved in National Lottery games. The involvement of players diminishes progressively with higher time allocation brackets. It is however relevant to note that around 6.5% of players are estimated to spend more than two hours per week in gaming services acquired against payment. These players would typically be involved in more than one type of gaming activity.

04

Demographic aspects of the consumption of gaming recreational services

This section reviews the principal demographic characteristics associated with the acquisition of gaming services against money in the Maltese population. Chart 4.1 identifies the main characteristics of persons who acquire gaming services within the Maltese population, focusing on age cohorts, family types, highest educational attainment and employment status.

While 56% of the Maltese adult population was found to have acquired gaming services in 2015, the persons who engage in such activities are most likely those who are aged 45 and over, having an educational attainment up to secondary level and not active in the labour market. In terms of family type, the persons who engage in paid gaming services are equally likely to be married, living with a partner, and single parents, and less likely to be living alone, with parents, or friends. There is therefore a tendency for players to be of middle age or even senior citizens, with a low educational attainment, perhaps with more time on their hands, and earning relatively low, albeit stable, levels of income.

Chart 4.1: Likelihood of Spending on Gaming Services by Different Social Cohorts*

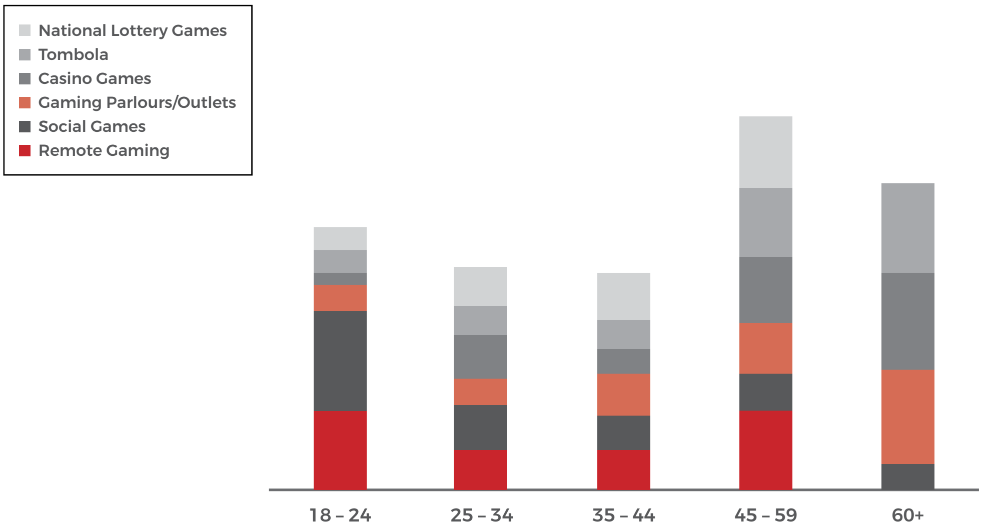
*Data relates to individual players

56%
of the population aged 18 and over are estimated to have spent money on some form of gaming activity in 2015, which is close to 195,300 citizens.

The above observations should not be construed to constitute precisely defing characteristics but are merely defining, on the basis of the outcomes of the survey, a general profile of persons who are more likely than others to engage in paid gaming activities. Moreover, there is not necessarily any causal relationship between each of the variables and the propensity of individuals to purchase gaming services.

It is also interesting to analyse the type of gaming preferences by different age cohort. This is presented in Chart 4.2, which indicates that whereas younger adult players are more likely to engage in remote gaming and social games – reflecting preferences towards technological devices and socialisation – senior citizens mostly engage in gaming services from gaming parlours, casinos and tombola, which may require a relatively greater time commitment. Players in intermediate age brackets exhibit more balanced preferences between the different types of games, with the more time-consuming games being less popular in the middle age bracket. A comparison of the results presented in Charts 4.1 and Charts 4.2 indicates that the participation of persons aged 45 and over extends to their engagement in more than one gaming type.

Chart 4.2: Gaming Preferences by Age Cohorts*



*Data relates to players participating in one or more types of games

05

Gaming recreational services, social interaction and potential implications for sustainable lifestyles

This section delves into the implications of gaming behaviour for individuals to develop positive social interactions. At the other spectrum of argumentation, it assesses potential implications of gaming activity for sustainable lifestyles.

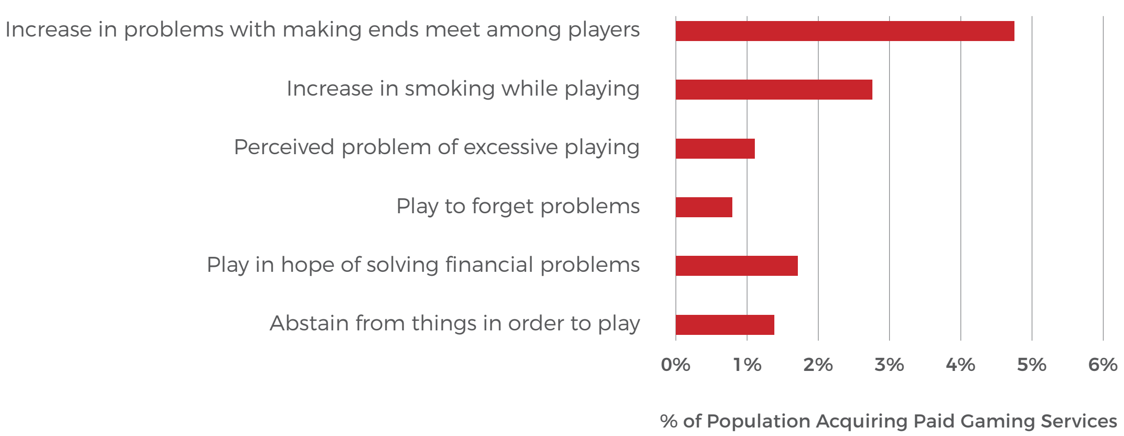
46%
of the population engages in games available for free.

Opportunities for gaming as a means of social interaction without spending money are relatively restricted compared to the level of gaming activity in the general population. Whereas, in general, around 46% of the population engages in some form of free gaming activity, the proportion who does so with friends stood at just under 20% in 2015. Those who played such games in village clubs accounted for merely 2% of the population. Online games were the most preferred type of games played socially for free, followed by card and board games.

Games played for money within the context of socialisation with friends is an even more limited occurence. While around 56% of the population played games for money in 2015, the proportion of those who did so with friends is estimated to be under 3%.

Gaming activity may have negative connotations for sustainable lifestyles. In this regard, Chart 5.1 presents the main results from the survey exercise. In general, around 1% to 2% of the population who acquire gaming services against payment reports some type of adverse effect on lifestyles, which ranges from abstaining from other forms of consumption in order to play, to

Chart 5.1: Indicators of Implications for Sustainable Lifestyles*



acknowledging that excessive gaming can actually become a lifestyle problem. Survey responses also indicate 3% of the population who smokes more while playing, and a 5% difference in the population which has problems in making ends meet between those who play and those who do not. These responses, however, are not necessarily attributable to gaming, but may be due to other influences on the lifestyles of the population who purchases gaming services.

The findings of this statistical survey point to a situation where, while the opportunities for socialising which may be presented by gaming are not reaped, problems with maintaining sustainable lifestyles are not significantly pronounced either. These conclusions are subject to two important caveats. The first is that there is a small portion of the population, which, on the basis of this survey, and as discussed in earlier sections, allocates a significant part of its financial and time resources to gaming. Secondly, it is to be noted that the survey examines only gaming conducted in accordance with established rules and regulations, and it ignores the dimension of gaming through illegal activities, which could be more prone to causing social problems. The conclusions of this survey are therefore not necessarily indicating that gaming activities in Malta are not creating social problems, perhaps even serious ones. They are, however, pointing to the fact that, more likely than not, such problems would be emanating primarily from illegal gaming activities, as the potential causes for concern arising from gaming provided on the basis of established regulations are relatively minor. While such problems can be perceived to exist for a number of other forms of entertainment apart from gaming, the identified issues for social sustainability with respect to gaming undertaken within the parameters of established rules and regulations should be studied further and potentially be subject to more intensive policy engagement.

> NGOs emphasise the need for further resources to be dedicated to training of professionals in the area of gambling addictions, enhancing institutional collaboration, increasing general public awareness of the risks and pitfalls of irresponsible gaming behaviour, and strengthening prevention, treatment and rehabilitation in a focused and personalised manner

These considerations, in the main, mirror the feedback received from NGOs involved in social issues in relation to the statistical survey[2] undertaken by the MGA. While the survey offers interesting insights into gaming behaviour, NGOs highlight the need to address problems related to illegal gambling activity, to better address the needs of vulnerable persons even when these are engaged in gaming through legal channels, and to curtail situations of over extending themselves financially in order to continue their gaming activities. The NGOs advocate further studies of a qualitative nature to better understand problems of addiction, including through a gender mainstreaming approach. They also emphasise the need to devise multi-dimensional solutions to support affected individuals, particularly when they come from socially vulnerable backgrounds. In this regard, there should be further resources dedicated to training of professionals in the area, enhancing institutional collaboration, increasing general public awareness of the risks and pitfalls of irresponsible gaming behaviour, and strengthening prevention, treatment and rehabilitation in a focused and personalised manner.

06

Regulatory measures to protect the consumer and promote responsible attitudes in gaming behaviour

The MGA is aware of the fact that although lifestyle sustainability problems associated with gaming activities undertaken in a legal manner may affect only 1% to 2% of the gaming population, this may still involve around 2,000 individuals in Malta who need to be safeguarded. This section summarises the activities which the MGA is undertaking in this regard.

1%-2%

of the gaming population acquires gaming services for payment reports some type of adverse effect between gaming activity and lifestyle.

Responsible gaming is one of the paramount objectives which guide the MGA's regulatory ethos. Land-based gaming operators are connected to a unified self-exclusion database hosted by the MGA. Players may exclude themselves from gaming for a definite or indefinite time, and their details are immediately entered into the system, ensuring that this exclusion is implemented across all land-based gaming premises. Pathological gamblers also have the opportunity of excluding themselves for an indefinite period of time, in which case the exclusion can only be lifted on the presentation of a medical certificate stating that the person is no longer a compulsive gambler. Remote gaming operators are required to offer the possibility of self-exclusion as well. Moreover, they must offer players the opportunity of limiting their spending by various means. There are further safeguards envisaged in the new regulatory framework in order to ensure that their service is offered in a manner which is conducive to responsible gaming.

In line with these considerations, responsible gaming is one of the paramount objectives which guide the MGA's regulatory ethos. The MGA is committed to safeguard vulnerable consumers through self-exclusion arrangements, controls on advertising and funding of programmes aimed at consumer protection. The MGA will be further increasing its engagement in this regard through a wide-ranging regulatory overhaul which it will be implementing in 2017

Advertising of gaming services is also subject to certain conditions to ensure that it does not give the impression that gaming is an investment or can otherwise function as a means to attaining lifestyle success. Moreover, players who have expressed the desire to be excluded from gaming cannot be contacted with offers.

The MGA also funds the Responsible Gaming Foundation, which undertakes educational and other awareness campaigns within its remit, and is operating the national gambling helpline (1777) to provide assistance to persons with issues of addiction to gambling. The MGA will also be implementing provisions for increased player protection and responsibility awareness in the context of a regulatory overhaul to be launched later this year 2017.

07

Conclusion

This report has provided the main conclusions of a survey undertaken by the MGA to provide a better understanding of the level of engagement of the Maltese population in gaming activities. The findings indicate that gaming is an essential component of the consumption activity of the Maltese population. Over one half of the adult population acquires such services against money, and close to 46% engages in non-paid gaming activities. There is a tendency for players to be of middle or senior age, with a low educational attainment, who perhaps have more time on their hands, and who earn a relatively low, albeit stable, income.

Overall, gaming take up some 2.8% of household budgets in Malta, and around one-fourth of the expenditure on recreational and cultural services. National Lottery games are the predominant type of gaming activity, as measured in terms of number of players and money spent, closely followed by gaming parlours and outlets.

The average spend by players across all types of games is estimated at €12.30 per week for 2015. The vast majority of players spend no more than 2% of their income on gaming services, albeit around 9% of players spend in excess of 10%. Likewise, while the average player allocates around 40 minutes per week to gaming activity, almost 7% of players spend in excess of two hours per week on gaming. Furthermore, survey results indicate that the percentage of persons who are reporting lifestyle sustainability problems as a result of gaming activity, which is organised within the parameters of regular channels, is between 1% to 2% of the entire gaming population.

Social NGOs engaged in a process of consultation following the undertaking of the statistical exercise highlight the need to address problems related to illegal gambling activity by capacity building, enhancing institutional collaboration, increasing general public awareness of the risks and pitfalls of irresponsible gaming behaviour, and strengthening prevention, treatment and rehabilitation in a focused and personalised manner.

While problems associated with gaming through regular activities are contained within a relatively minor section of player population, the MGA is committed to safeguard vulnerable consumers through self-exclusion arrangements, controls on advertising and funding of programmes aimed at consumer protection. The MGA will be further increasing its engagement in this regard through a wide-ranging regulatory overhaul which it will be implementing in 2017.

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