



Mobile Broadband Group
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Response of the Mobile Broadband Group to the Gambling Commission's consultation on Licence Conditions and Codes of Practice

The Mobile Broadband Group ("MBG", whose members are O2, Orange, T-Mobile, Virgin Mobile, Vodafone and 3) welcomes the opportunity to respond to the Gambling Commission's consultation on Licence Conditions and Codes of Practice.

The mobile operators' interest in the activities of the Gambling Commission with respect to licensing relates mainly to the regulation and licensing of remote gambling.

Mobile operators' place in the remote gambling value chain varies from providing basic connectivity to the Internet and thus to Internet sites offering remote gambling, to offering, through contractual arrangements between a gambling operator/aggregator and a mobile operator, links to remote gambling sites from the portal of the mobile operator. Any licences that will have to be acquired under UK law, will be acquired by the gambling operator partner. We do not expect that mobile operators will seek to be involved with any licensable activity or be licensable entities themselves. However, we support the Gambling Commission's desire to see that remote gambling is properly conducted and that mobile gamblers, who are also our customers for communications services, are properly dealt with. We are therefore supportive of the principles that the Gambling Commission has set out.

Our response answers only those questions where we have comments on those matters that are directly relevant to us.

Q1. What comment do you have on the Commission's broad approach to regulation?

The MBG supports the open and transparent way in which the Commission has conducted its consultations, including meeting with interested parties. The Commission will be aware that the remote gambling market is developing fast and that customers have gained huge benefits in terms of enjoyment from the new services. We therefore support your ambition, as set out in 1.2.10, to regulate in the public interest, be targeted, evidence based and to take a risk based approach. We welcome the emphasis the Commission places on the principles of Better Regulation and look forward to an environment which both protects consumers and promotes innovation and investment in facilities based in the UK. In furtherance of this, it will be very important to maintain good channels of communication between the Commission and all sections of the industry.

Q10. Do you have any comment on the way the Commission proposes to require compliance with our technical standards on gaming machines, remote gambling systems and bingo and casino equipment other than machines? (We will consult separately, in summer 2006, on the technical content of the standards.)

We look forward to engaging with the Commission on technical standards. The technical standards element is potentially significant to the mobile operators, as it will set out player protection measures which may require some development of the mobile operator's network and systems. We would therefore like to be involved in the consultation process.

The MBG also notes at 4.3.3, with respect to interrupted play, that *"if the technical standards are not sufficient, we will instead consider whether a licence condition requiring stakes to be returned when play is interrupted should be imposed"*. This is a very important aspect to get right for remote gambling. It would be very undesirable for either operators or gamblers to be able to extricate themselves from losing positions through the simple expediency of deliberately interrupting a gambling service. There may even be situations where interrupted play is not really anyone's fault, if, for example a mobile user loses coverage in a tunnel. It will be important to get the technical standards right, as a licence condition that mandates a return of stake will not be practical.

Q31. We propose licence conditions and code provisions on preventing gambling using remote gambling facilities in breach of the statutory age restrictions. What comment do you have on the general approach and the specific requirements proposed? What alternatives do you advocate specifically?

The MBG strongly supports the Gambling Commission in its desire to prevent remote gambling being made available to customers under the age of 18. We also broadly support the measures set out in 5.2.17 onwards to cover remote gambling. However, there are a few points that we feel would be worth clarifying. First, in sections 5.2.20 & 5.2.24, the Commission should make clear that it is at the point of first registration that random checks on the use of credit cards as a proxy for age verification should be made not random additional checks on customers that have already provided proof of age. As it stands, it could be read that the checks must be made retrospectively.

Secondly, within the code of practice provisions, the current wording is *"Operators' proceduresmust include: using the best publicly available information for age verification."* The use of the word 'best' could imply that only one source (i.e the best) would be acceptable, whereas, in reality a number of sources would be. A word such as 'reliable' would be appropriate.

Thirdly, on bullet point 5, ICRA would be more accurately described as a labelling system that can be detected by filtering software. The filtering software is implemented on the user's PC, or, as is the case for mobile, the communications intermediary. While ICRA is a valid labelling system, it is not widely used and not necessary for the operation of filtering systems. It would be fine to recommend ICRA but unnecessary and inappropriate to mandate it.

Fourthly, on bullet point 8, it would be more practical and effective to ensure that parents are reminded of their responsibilities to minors at the point of going onto the

gambling service, rather than at the point of purchase of a mobile phone. The distribution channels for the latter are just too varied to make this practical (for example, in supermarkets).

Fifthly, in respect of the age verification requirements discussed under “mobile phone” (following the bullet points), please replace the text “*at a minimum the handset must not be able to access gambling (as adult content) until age verification has been completed*” with text such as:

“Age verification must be completed before the customer is permitted to gamble. The gambling operator, not the phone service provider, retains the responsibility for carrying out age verification checks.”

This is more consistent with the mobile Adult Content rules – and indeed parallels with the text for “internet/ telephone/ interactive TV”.

In addition, under “*for internet gambling*”, the text refers to “a valid payment card” being the minimum ID. We suggest that any form of valid ID card which is reliable evidence of Age should be permitted, not just a payment card.

We welcome the clarification in paragraph 5.2.25 that age verification is not required for free to play activities.

Q34. The Commission proposes licence conditions requiring operators to put in place policies and procedures aimed at preventing continuous and repetitive play. In addition, technical standards will contribute to the same objective. Is there more we should do in this area?

The MBG supports the Commission’s position that gambling operators must have policies and procedures in place to control continuous and repetitive play.

We will look closely at the technical standards, when they emerge, to see what needs to be done to comply. As the Commission will appreciate, the mobile device generally has very different screen dimensions to a PC and it will not always be possible to meet the requirements in the same way as for a PC. The technical standards will need to be sufficiently flexible to accommodate such differences.

We understand that a list of required player protection tools such as the display of clocks, customer-led deposit/loss limits and time limits will be set out in the technical specifications. We need these clarified to ensure they do not require development work on the mobile operators’ systems and networks.

Q36. The Commission proposes requirements on most sectors of the industry to ensure that operators provide appropriate information to customers about safe gambling and about sources of help in dealing with problem gambling. Are the general approach and the specific proposals right? Are there specific additional topics the information should cover?

The MBG also supports the Commission’s measure with respect to responsible gambling and dealing with problem gambling.

We seek one small clarification in bullet point three of the social responsibility code for remote gambling (page 53 of the consultation document):

Insert '*gambling*' into "include a notice on the gambling operator's [mobile] portal on where to access....."

The current wording could be misread as placing an obligation on the mobile operator to include a notice on where to access safe gambling information. The gambling operator is responsible for the content of text messages and other communications relating to the gambling activity and thus will also be responsible for providing links to information about problem gambling.

Q51 What comment do you have on the Commission's proposal to permit payment by credit card for certain types of operator, subject to a number of provisos? Do you support the proposed list of provisos?

The MBG notes that the Commission does not want the provision of credit funds and the use of credit cards to pay for gambling to increase the incidence of harm caused by problem gambling. We support this entirely.

The related licence condition states "*Operators must ensure that they do not participate in, arrange, permit or knowingly facilitate the giving of credit in connection with gaming, except in the case of remote gaming and lotteries, by acceptance of payment by credit card.*"

It seems to us unnecessarily restrictive to specify only a credit card. Roughly speaking, 70% of mobile customers operate with a pre-paid account and the balance with a 'pay monthly' account. The pre-paid accounts do not present any issues with the giving of credit. However, the MBG sees circumstances where it would be possible to pay for gambling services and charge the stake or top up the gambling account by making a charge to a 'pay monthly' mobile bill. For example, a stake may be placed using a premium rate text message.

The MBG understands from discussions with the Commission that a concession has been made with respect to credit cards in conjunction with remote gambling, because of the security and other features, such as credit limits that go with a credit card. The MBG would like to have further discussions with the Commission as to what comparable measures it would expect to see in place if gambling were to be funded from a credit account with the mobile operator. Mobile payment mechanisms are regulated and will fall within the scope of the upcoming EU Directive on payments. We firmly believe that mobile payment accounts can be used in association with remote gambling just as safely as a credit card.

The licence condition is unduly prescriptive on this point and we would like to agree a more flexible approach, without undermining your regulatory position.

Finally, we look forward to commenting on the consultations relating to advertising and to technical standards, as and when they emerge.