

Submission

to the

Department of Internal Affairs

on the

Discussion document: Online gambling in New Zealand

30 September 2019

About NZBA

1. NZBA works on behalf of the New Zealand banking industry in conjunction with its member banks. NZBA develops and promotes policy outcomes that contribute to a strong and stable banking system that benefits New Zealanders and the New Zealand economy.
2. This submission is made on behalf of the following registered banks in New Zealand:
 - ANZ Bank New Zealand Limited
 - ASB Bank Limited
 - Bank of China (NZ) Limited
 - Bank of New Zealand
 - Citibank, N.A.
 - The Co-operative Bank Limited
 - Heartland Bank Limited
 - The Hongkong and Shanghai Banking Corporation Limited
 - Industrial and Commercial Bank of China (New Zealand) Limited
 - JPMorgan Chase Bank, N.A.
 - Kiwibank Limited
 - MUFG Bank, Ltd
 - Rabobank New Zealand Limited
 - SBS Bank
 - TSB Bank Limited
 - Westpac New Zealand Limited

Background

3. NZBA welcomes the opportunity to provide feedback to the Department of Internal Affairs (**DIA**) on the discussion document: *Online gambling in New Zealand (Discussion Document)*. NZBA commends the work that has gone into developing the Discussion Document.
4. If you would like to discuss any aspect of the submission further, please contact:

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Introduction

5. NZBA recognises the challenges that online gambling presents and supports DIA's efforts to minimise the harm caused by problem gambling.
6. We are eager to continue to work with DIA on effective tools to minimise that harm, such as geo-blocking unauthorised overseas gambling websites. However, for the reasons set out below, we do not think that restricting the use of credit cards on gambling websites will have the intended result.

Trends in online gambling

7. In relation to card use for online gambling on overseas websites our members have observed the following:
 - (a) A high proportion of customers who use online gambling websites transact only occasionally.
 - (b) We have not found evidence linking gambling behaviour from these customers to higher defaults.
 - (c) The number of transactions is generally higher on debit cards than credit cards, but due to smaller average amounts the total spending is lower.
 - (d) There are larger average amounts spent on overseas gambling websites than New Zealand websites (TAB NZ) (although the difference in amounts is small).
 - (e) The highest amounts are spent by users on websites based in Malta, Ireland and the UK. Based on observed patterns there appears to be a significant proportion of transactions of expats who are betting on sports teams from their country of origin.

Tools for restricting access to online gambling

8. The Discussion Document describes a number of tools to restrict access to online gambling, including restricting credit card use on online gambling sites. The Discussion Document suggests that credit card use could be blocked entirely, or blocked on websites not licensed in New Zealand.
9. For the reasons discussed below, we consider that prohibiting the use of overseas online gambling sites that are offering illegal gambling services through ISPs would have a bigger impact than banning credit card use as this stops it at the source.
10. We do not consider that such a block is likely to have the intended effect. That is because, if credit cards are blocked, other payment methods – for example, debit cards, PayPal, WeChat, AliPay, through the purchase of 'tokens' on ebay or TradeMe, etc – can be used to gamble online.
11. We understand the purpose of the block would be to prevent people gambling using borrowed funds. However, it is still possible to tap into borrowed funds via debit cards. For example, debit cards that are connected to transactional accounts with access to overdraft facilities, revolving mortgage facilities, etc.

12. While we agree there is merit to preventing gambling with borrowed money, our members have not found evidence that participation in online gambling has a material effect on credit card defaults.
13. Additionally, a block on credit cards would rely on overseas gambling websites using the correct merchant code. There is a risk that websites would change the merchant code to get around the ban.
14. Finally, a credit card block would mean that it is difficult for New Zealanders travelling overseas who want to gamble legitimately to use their credit cards.

Online lotteries for charitable purposes

15. NZBA supports DIA's proposal to permit Class 3 operators to run lotteries online and via phone.
16. We think that it is important that charities' sources of fundraising are future-proofed. In particular, we think that this change will mean that charities will be able to access a new group of supporters, for example, those who primarily transact online. In that way, charities are more likely to continue to be financially sustainable, and grow, in the long-term.