



# Gambling White Paper: A Framework to Innovate and drive more significant Social Impact



ESG Gaming welcomes the publication of the Gambling White Paper and the Gambling Commissions' Advice to Government. Both papers provide a timely framework to enable not-for-profit and Third Sector organisations, like ESG Gaming, to align our objectives and activities to achieve maximum social impact in a coherent, collaborative and coordinated way.

Our vision at ESG Gaming is *'ensure that consumers worldwide possess the skills, knowledge, resilience, and tools to engage with digital entertainment in a safe, responsible, positive, and inclusive manner'*. ESG Gaming's research and education products focus on gambling in emerging sectors such as esports, web3 and digital currencies. So we were particularly pleased to read that some of these areas are included in the gambling act review. This content makes the Gambling White Paper fit for today's digital age. Esports, web3 and digital currencies are particularly interesting to ESG Gaming as this is where we want to develop our niche, share insight, understand what works and collaborate.

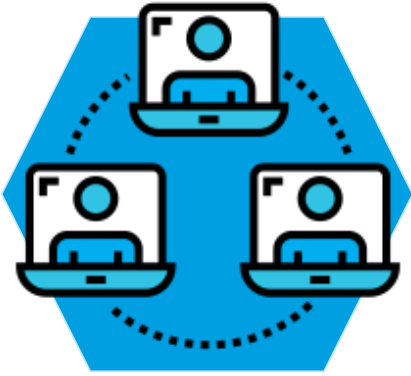
## Esports

The White Paper explicitly references the esports sector, which is growing fast and has significant appeal to children, young and vulnerable people, and betting operators. The Advertising Standards Agency (ASA) *'Strong Appeal Guidance'* also recognises esports, like Premier League footballers and high profile Social Influencers, as high-risk content regarding its inherent appeal to children, young and vulnerable people. ESG Gaming agrees that it is essential to (i) develop a socially responsible sponsorship culture as the sector continues to grow and (ii) implement ground rules, for example, limiting gambling sponsorship in competitions accessible to under-18s. We also believe it is essential to work collaboratively with the broader esports ecosystem (including esports teams, educators, industry bodies, tournament organisers, and publishers of popular esports games) to develop appropriate safer player messaging for consumers, players and parents of children.



ESG Gaming is working collaboratively to develop *Team Excellence* which we feel contributes specifically to this area of the White Paper. We want to recognise, celebrate and showcase the esports teams championing and epitomising outstanding leadership in player welfare and protection; equality, diversity and inclusion; and safeguarding customers. We aim to create an externally accredited quality standard for esports team leadership. We will collaborate with Esports Insider, Bournemouth University, City & Guilds, and six initial pilot esports teams to develop, deliver and evaluate a meaningful quality standard. The proposed quality standard will be collaboratively co-created by the esports pilot teams and partners, then peer-reviewed and externally assessed. Similar to quality standards in other sectors, it is proposed that *Team Excellence* will list relevant criteria that esports teams should be able to demonstrate they meet.





In addition to the above work, ESG Gaming will work with partners and contribute to developing a responsible sponsorship culture for the esports sector. We will do this by piloting and evaluating innovation around sports sponsorships. For example, ESG Gaming will establish the United Kingdom's first Silver (50yrs plus) esports team. Run commercially, but for the benefit of society, our esports team will (i) reimagine sponsorship by undertaking activities such as donating all surplus annually (through the distribution of charitable grants and donations to community organisations); (ii) combat loneliness by bringing together young and older players by encouraging families to

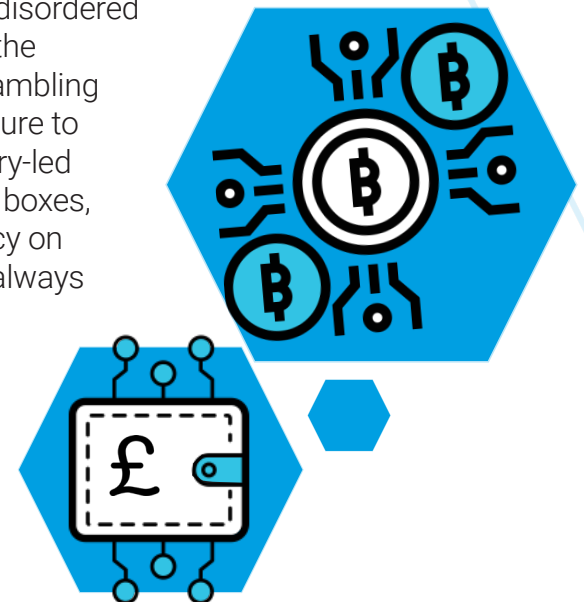
game together and (iii) incorporate and establish, with an academic partner, a global research community hub to understand how emerging digital technology, which is often adopted first by the gaming and gambling sectors will affect mental health and consumer protection.

Finally, we need to research influencer-led gambling in esports and gaming on streaming channels (such as Twitch, YouTube, and Meta). The research should explore the behavioural (e.g., gambling activity) and environmental/technological (e.g., group and platform) characteristics of influencer-led gambling in esports and gaming through academic and lived-experience research. This research would extend the emerging literature on the role of gambling-type behaviours in gaming and streaming. In addition, this research would complement the work of the Advertising Standards Agency (ASA), which moved to ban non-regulated gambling on these platforms.

The White Paper seeks to challenge the sports and esports sectors and the industry to set a high standard for social responsibility, with the potential to improve standards in gambling sponsorship and provide a model for responsible support by other sectors. At ESG Gaming, we can positively contribute insight, research and products, championing and bringing to bear the cost-effective value of the third sector.

## Digital Currencies

The White Paper also looked at digital currencies through the lens of customer use of crypto assets to fund gambling activity. This, while helpful, is a different lens through which ESG Gaming looks at digital currencies. For example, trading digital currencies can become an addiction, with cryptocurrency trading addicts showing similar symptoms of behavioural addictions as disordered gamblers. Loot boxes are identical in their characteristics. Given the potential downsides, both activities remain out of the scope of gambling regulation, and the White Paper suggests that it would be premature to pursue legislative options without first pursuing enhanced industry-led protections. This approach has been proven successful with loot boxes, where Publishers have sought to introduce improved transparency on these digital assets. As with any emerging technology, there will always be *known unknowns* and *unknown unknowns*. ESG Gaming is committed to understanding these unknowns through research and disseminating insight. The Government is clear, crypto assets must not become a vehicle for lower standards in the licensed gambling sector, either in harm prevention or regulatory compliance. The Gambling Commission will closely monitor the development of new technologies and payment vehicles.





There wasn't any mention of web3 specifically in the White paper and its potential effect on the regulated gambling sector. Undoubtedly, web3 will transform how we access information and interact with society and our environment. Undoubtedly, the gaming and gambling sectors will be (and are currently) one of the first adopters of this technology. Web3 casinos exist now, which use decentralised systems to, according to developers, *provide greater transparency, security, and fairness to players*. According to Techopedia, the top Web3 Casino sites are:

- ◆ Lucky Block: *Most popular Web3 Casino site in 2023.*
- ◆ BC.Game: *Web3 Casino Site With its Own Brand of Gambling Games.*
- ◆ ICE Poker: *Web3 Poker Site With Tokenized Rewards.*

<https://www.techopedia.com/cryptocurrency/best-metaverse-casinos>

ESG Gaming believes three things can be done to understand digital currencies (inc. Non-Fungible Tokens (NFTs)) and Web3. Firstly we need to undertake a literature review and conduct some academic research to understand the extent of cryptocurrency / NFT trading and its effect on mental health and addiction. Secondly, we need to understand the functionalities of Web3 casinos, how digital currencies are used, consumer behaviours and if / how player protection tools are used (if at all).



Web3 enthusiasts often talk of the transparency of transactions, fairness and security, and this argument is winning over particularly younger members of society and their take-up of Web3. These alternative platforms are growing hugely in popularity, with almost all major High Street brands investing in Web3 and digital assets such as NFTs which they are making available for sale (and which can be traded on third-party platforms). Finally, similar to the research around Social Influencers' impact on consumers' behaviours and esports, we need also to understand consumer behaviour around crypto and NFT trading as a result of Social Influencers.

We really do commend the content of the White Paper. It is comprehensive, fair, balanced and well-thought-through. Giving a framework to drive even more significant social impact is incredibly useful for organisations like ESG Gaming. However, we believe that to make it genuinely the *future-proof* White Paper, that it is intended to be, some consideration might be given to Web3 and how this will further change the nature of gambling in the United Kingdom. ESG Gaming stands ready to support and contribute to the various consultations which will now follow. All responses to consultations will be published transparently on our website.



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