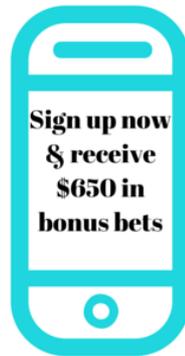


INFORMATION SHEET

GAMBLING INFORMATION RESOURCE OFFICE

Sports and race betting inducements



Inducements

**\$650
Welcome
Bonus!**

SIGN UP and grab your
120% bonus!

**First bet
bonus - \$700!**

**Join NOW!
Deposit \$500 &
bet with \$1150:
\$650 FREE BET**

\$500 bonus bet sign up offer

What are inducements?

An inducement is a type of sales promotion. It offers a reward or benefit to persuade people to engage in gambling behaviour. Commonly, an incentive of this type prompts a spontaneous action such as opening a betting account, placing a particular type of bet or increasing your betting. Inducements are most commonly associated with corporate bookmakers, often referred to as sports betting companies.

Under Victoria's *Gambling Regulation Act 2003*, it is illegal for a wagering service provider to offer an inducement to open a betting account. Victoria can prosecute companies who do so. However, once an account is open, bonuses, credit, rewards or vouchers can be offered to the account holder to encourage sports or racing betting.

Inducements in gambling are a relatively new phenomenon that take advantage of the lack of regulation around gambling advertising from online corporate bookmakers. The types of inducements on offer are growing rapidly, making it difficult for regulators to analyse and respond to the risks each offer poses.

Do inducements increase risks in gambling?

Inducements can be exciting and when this results in increased impulsive behaviour the judgement and control of the gambler can be impeded. Goals such as planning ahead and budgeting can be undermined. It is therefore reasonable to conclude inducements are capable of increasing the risk and dangers of gambling.

A recent study of inducements by gambling researchers showed many offers of a "free bet" or "bonus bet" had many conditions attached. These conditions are generally located on a separate webpage and are in small print - requiring time and concentration to understand. They often mean the odds being offered were not as

good as the offer implied, or that the punter was required to spend further money (by matching bets) in order to gain any value from the original offer

Inducements are a form of marketing designed to trigger further gambling. Sports betting providers compete for customers, and inducements are their way of attracting new businesses and growing existing business.

As well as inducements that imply there is less risk, e.g. “bonus bet”, “cash back” etc, other offers work to encourage gamblers to make multiple decisions quickly, such as during “happy hours”. These types of offers occur in relation to complex bets such as “multis”, where calculating actual odds is notoriously difficult.

Some punters, chasing better deals find themselves with multiple sports betting accounts. The accounts will usually come with a continual slew of directly marketed inducements. These will be tailored to increasing their betting and may by sheer volume alone undermine punters’ decision-making. Where they involve credit (see below) they also create the potential problems of owing money to several debtors. The inducement being offered is not always a ‘free gift’ and may require the account holder to place a minimum bet using their own money, with the amount being ‘matched’ by the wagering service provider. In addition to outlaying their own funds, account holders are often required to place multiple bets to access their ‘free gift’, in accordance with the fine print contained in the Terms and Conditions.

Credit: a fast way to go from loss to greater harm

Some corporate bookmakers offer credit or, as they prefer to call it, deferred payment. This is not credit such as one gets from a bank. It is not covered by the laws that apply to lenders and protect borrowers and interest is not charged.

For the unwary, or those who lose control over their betting, credit can cause greater harm than from normal betting. For example, some corporate bookmakers offer matching credit meaning they will extend you credit equal to the amount of money you put in your account. This opens up the possibility to lose for example, not just the \$1,000 you put in your account, but \$1,000 you do not yet have or that is tied up in an asset like a car. Once the debt is incurred, corporate bookmakers can ask for payment at very short notice – time periods as little as five days have been recorded.

Problem gamblers gambling frequently often make the mistake of “chasing their losses” – trying to get back money already lost by gambling more. Offers of credit mean the loss chasing streak can continue even when their immediate funds are gone.

For more information

Hing, N et al (2015) *Review and analysis of sports and race betting inducements*, Victorian Responsible Gambling Foundation, Victoria, Australia.

Financial Counselling Australia (2015) *Duds, mugs and the A-list: the impact of uncontrolled sports betting*

Read Radio National's Background Briefing - *Odds on you lose*

Examples of inducements

| Type of inducement | Characteristics of inducement | How an inducement may appear |
|--|---|--|
| Affiliate programs | Account holders may be eligible to earn extra 'points' when using other products or services; Gambling promotions are advertised on external websites, allowing potential customers to follow a link and sign up to a new betting account. | <i>You will earn Casino points with every racing and sports bet you place.</i> <i>Join Betting Affiliate Programs & make money from your websites by promoting betting companies.</i> |
| Better odds/ Bonus winnings | Usually relating to a particular season, match or race, these inducements share similar features. | <i>Top Tote Plus</i> <i>Bonus points for every \$15 win!*</i> <i>Earn up to 65% more on your pre-game multi bets</i> <i>Deposit \$50, bet with \$200*</i> <i>Matching bet offer*</i> (player credits \$200, provider credits \$200) |
| Free bets/ Credits/ Deposits | Greater odds are offered for explicit users like newcomers, or as a reward for loyal customers | <i>Australian Open 5th Set Cash Refund.</i> <i>We make betting fun! Money back specials.</i> <i>If your team loses by 6 points or less...</i> |
| Cash rebates | Generally part of a loyalty program, with rebates matching the number of bets with a 12 month period. E.g., 10% cashback requires a minimum of 120 bets; 20% may be up to 1200 bets. | <i>Internet credit, Interest free.</i> <i>Credit Accounts from as little as \$250 with no fees and charges. Apply now!</i> |
| Credit for betting | Credit is applied for through the betting operator, and customers are advanced cash. Different amounts to choose from, such as \$200, \$500, \$1,000, \$3,000, or \$5,000. Or where credit cards can be used. | <i>Earn triple bonus points on Tuesdays!*</i> <i>Greyhound Happy Hour Special - Free Bets</i> |
| Happy hours | A specified period of time where account holders can benefit from promotions such as doubling credit points, or bonus options. Generally a day, or less. | <i>Start earning points today!</i> <i>Rewards! The more you play, the more you earn</i> |
| Loyalty programs | Bonus points are awarded according to expenditure, which can be accrued and redeemed for merchandise, services or gambling credits | <i>Refer a Friend - Get \$100.</i> <i>Refer and Earn.</i> |
| Refer a friend offer | Here both the referrer and the friend receive bonus bets. Multiple referrals are allowed. | <i>DAILY GREYHOUND SPECIAL</i> <i>Race 1 Bonus Refund</i> <i>If your greyhound bet loses get a bonus equal to your stake*</i> |
| Refund offers/ Winnings paid on losing bets | The return of your wager if you have a losing bet. These offers tend to be linked to bets that are 'close calls'. | <i>Sign up now and receive \$650 in free bets!*</i> <i>\$250 Welcome Bonus!*</i> |
| Sign up offers | These offers are usually displayed on the company's homepage to attract new customers. | |

*Conditions apply