

Research calls for more consumer protection to combat double danger of gambling with cryptocurrencies

March 28 2023



Credit: Unsplash/CC0 Public Domain

A new study has highlighted how cryptocurrency investors often suffer gambling-related harms—and online gambling outlets accepting

cryptocurrency as wagers pose even greater risks.

The first-of-its-kind research, led by the University of Bristol and the University of East London, urges for [major reform](#) to reduce the extra threat to online gamblers now being lured by an explosion of so-called "cryptocasinos."

Lead author Maira Andrade, a student at the University of East London, said, "Crypto [gambling](#) sees numerous emerging cryptocurrency risks, including the lack of regulation, risk of fraud, and extreme price volatility, added to the already known risks of gambling."

Cryptocurrencies were first introduced as a form of payment in online casinos a decade ago, and nowadays 780 online casinos, sports books, bingos and poker rooms are accepting bets in cryptocurrencies. This new generation of gambling operators run 24/7, and a lack of regulation means they pose unique risks for existing online gamblers, including potential access for underage users and in countries where online gambling is illegal.

The study explores the intersection of cryptocurrency investing and gambling, citing a growing body of evidence which demonstrates how cryptocurrency trading is strongly associated with increased gambling activity and high-risk stock trading. For example, cryptocurrency investors display behaviors observed in gamblers, such as chasing losses and trading compulsively.

Cryptocasinos therefore present a double danger, as they allow gamblers to bet on a range of sophisticated online gambling products such as online slots and in-play sports bets, using cryptocurrencies as the source of funds.

Cryptocurrencies are notoriously volatile—for instance Bitcoin prices

have fallen by more than half six times since 2017. Gambling online with [cryptocurrency](#) assets therefore presents exaggerated risk, as this form of currency is already prone to huge fluctuations in value, further compounding the level of uncertainty and risk.

The study's senior author Dr. Philip Newall, lecturer at the University of Bristol's School of Psychological Science said, "Crypto gambling websites lie outside the current government review of [online gambling](#), and yet two of these companies currently have their logos shown on English Premier League shirts."

The review paper highlights research showing that more than 70% of cryptocasinos did not provide links to gambling or age filtering software in their pages, and close to two-thirds (62.5%) did not offer self-assessment tests.

Although research showed the vast majority (85%) of conventional online operators offer some form of limit setting tool to moderate gamblers' usage, only 15% of cryptocasinos provided this. Conventional operators were also found to give twice as much cooling-off period protection, offering 84.2% compared to 42.5%. Most conventional operators (93.1%) offered voluntary self-exclusion, but this only applied to 60% of cryptocasinos. More than a third (37.5%) of cryptocasinos also failed to offer any safer gambling tools for users—support which is commonplace among 95% of conventional operators.

Despite being highly unregulated, cryptocasinos are easily accessible, growing in popularity, and have built an image of legitimacy through sponsoring high-profile celebrities and major global sports teams.

Social media and streaming websites have become powerful advertising tools for cryptocasinos, heightening the need to regulate such marketing strategies.

"Younger and at-risk individuals could be the groups most impacted by online crypto gambling. At the moment there is a huge amount that we don't know, and the landscape is changing rapidly," Dr. Newall added.

Last year the University of Bristol launched the Bristol Hub for Gambling Harms Research to lead pioneering multidisciplinary research into the wide-reaching effects of gambling harms.

More information: Maira Andrade et al, Cryptocurrencies as Gamblified Financial Assets and Cryptocasinos: Novel Risks for a Public Health Approach to Gambling, *Risks* (2023). [DOI: 10.3390/risks11030049](https://doi.org/10.3390/risks11030049)

Provided by University of Bristol

Citation: Research calls for more consumer protection to combat double danger of gambling with cryptocurrencies (2023, March 28) retrieved 4 May 2024 from <https://medicalxpress.com/news/2023-03-consumer-combat-danger-gambling-cryptocurrencies.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.
