

## How AI and AR could increase the risk of problem gambling for online sports betting

September 25 2023, by Philip Newall and Jamie Torrance



Credit: AI-generated image (disclaimer)

Sometimes <u>referred to</u> as the "<u>crack cocaine of gambling</u>," electronic gaming machines (EGMs) such as slot machines allow bets to be placed as quickly as <u>once every 2.5 seconds</u>, delivering a <u>rapid and immersive</u> gambling experience. Similar features are now being used to transform online sports betting, significantly increasing the risk of problem



gambling.

Sports betting is one the UK's <u>most popular</u> forms of gambling. Traditionally, people have placed sports bets in the same way they play the <u>national lottery</u>: betting on the final result of a match or race during the week and often waiting until the weekend to discover the outcome of the event.

But <u>our recent research</u> indicates that the online environment has massively transformed sports betting. It has now become instantly accessible, offering a multitude of features and betting options that pose a significantly greater risk of addiction than in the past.

And with technology rapidly advancing, the future of sports betting could be even more worrying as gambling companies look to artificial intelligence (AI) and augmented reality (AR) to enhance their offerings.

More harmful sports betting has been linked to <u>new features</u> that are similar to those found in EGMs. Countless "in-play" and "micro" sports bets can now be placed on the shortest intervals within a <u>sporting event</u>, such as a bet on the next free kick in football. Although not quite as fast as EGMs, the increased speed at which in-play sports bets can now be placed is linked to <u>problem gambling</u>.

Another similarity between EGMs and online sports betting involves "losses disguised as wins." This is when a player receives a payout that is less than their original wager but is still celebrated with visual and auditory feedback, making it feel like a win.

The "cash-out" feature also allows players to settle bets early, often for less than the original stake, to minimize potential losses. This is particularly profitable for bookmakers when large sums are involved and could also disguise overall losses as wins. Using the cash-out feature is



also associated with problem gambling.

## Sports betting in the near future

It's possible to see how sports betting products that incorporate AI and AR could evolve before they are commercially available by analyzing patents. This is a useful strategy for researchers like us because potential areas of harm can be identified before new products hit the market.

Our recent research identified three patents that aim to add <u>augmented</u> reality (AR) to the sports betting experience. AR typically uses goggles or mobile phones to overlap computer-generated imagery onto a player's view of the real world. Big tech firms such as Apple (Apple Vision) and Samsung (Galaxy Glass) are currently racing to assimilate augmented reality into many aspects of our daily lives, with the potential for very positive results such as when used to <u>provide information to surgeons</u> during operations, for example, or to maintenance staff <u>fixing complex</u> equipment.

But integrating AR with sports betting could have disastrous consequences. In a sports betting context, this would probably involve aiming the goggles or phone at a live sporting event both on TV or at the stadium and having <u>real-time betting opportunities</u> shown in your field of vision as the event unfolds. Research shows <u>immersion</u> is pivotal in fuelling problematic gambling behavior and disengaging from an AR sports betting session could be very challenging.

We also identified three patents that seek to introduce competitive inplay sports bets between players rather than against bookmakers. These patents involve people joining online tournaments, and competing for rewards based on entry fees and wager pools. Leaderboards track bettor rankings, and players can communicate with each other in a similar fashion to poker.



However, introducing such competition in online sports betting might exacerbate "tilting"—when a person makes poor betting decisions in response to loss or pressure. This may be made worse when gamblers can chat and taunt each other. The companies involved in the above patents did not respond to requests for comment.

Bookmakers are <u>already using AI</u> to improve predictions and oddssetting processes. The <u>UK government</u> is aware of the risks associated with AI, but regulating this rapidly growing technology will continue to be challenging.

## **Regulation and policy**

Gambling regulation is notorious for its lack of foresight. The 2005 Gambling Act was only revised this year to recognize the growth of online gambling, which has existed for nearly 20 years. So while more forward-looking regulation and policy is needed to protect consumers from the harmful evolution of sports betting, the uncertainty and complexity surrounding new sports betting technologies only adds to the challenge of regulating this industry.

But there are current harms that researchers and policymakers do understand. Our research shows that <u>reducing the speed and ease</u> of online sports betting makes most sense.

Regulatory measures should not impede the freedoms of those who do gamble safely, however. Australia provides a good example: regulations there allow in-play bets, but legally require them to be made via telephone call rather than instantly via apps or websites. This provides friction for the good of public health, rather than complete restriction.

Thanks to new technology such as AI and AR, this industry is already evolving at a faster pace than regulation can keep up with. As a result,



sports betting could be dominated by a growing web of harms that are currently unforeseen and difficult to comprehend.

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