

**ENG 1044**

**English for Computer Technology Studies**

**Title of Research Paper:**

International Governments Should Sanction Online Gambling amongst the Youth

**Group No.:**

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## **1.0 Introduction**

The pandemic of online gambling (OG) is destroying the lives of today's youth at a drastically increasing rate (Montiel et al., 2021). Gambling, often termed betting, is the wagering of anything with value for the chance of achieving a certain event or outcome. It has existed in almost every culture since the beginning of civilisation. For instance, at the base of His crucifixion, Jesus' garments became a wager for Roman soldiers (Eadington, 2008). Subsequently, it has evolved considerably; however, its legality has been questioned numerous times (as seen in European history) (Glimne et al., 2023).

Additionally, with the mass advancement in IT and internet capabilities, OG has become increasingly accessible and immediate for anyone with internet worldwide. Whether betting on sporting events or predicting political elections, nowadays there is much money to be lost and won from the comfort of one's home. With an estimated market value of \$63.53 billion (in 2022) and a compound annual growth rate of 11.7 percent (Research and Markets Ltd., 2023), OG will only get bigger with the increase in betting websites, fake 'get rich quick' propaganda, and controversial international legality.

This research paper contends that governments worldwide should indubitably sanction OG to regulate usage among younger generations, improve online safety, and decrease widespread fraud. It specifically looks at the moral problem of mental health issues brought on by OG, the financial difficulties posed by widespread use, and the moderately unregulated deceptive marketing of OG and its ramifications amongst youth.

## **2.0 Youth online gambling and the development of mental health issues**

Gambling leading to various mental health issues is nothing new, but one can control who is allowed to engage in traditional forms of gambling. With the rise of the internet and OG,

however, there are very little that has been done to prevent who participates in them, making them very easily accessible (Gainsbury, 2015). In fact, they are so much easier to access that the earliest recorded age who participated in gambling was 7, and 5.8 percent of adolescents have admitted to OG (Livazović & Bojčić, 2019). This is concerning as someone at that age should instead be participating in activities that support their physical, emotional, and cognitive development, not damage them.

One of the easiest ways for someone so young to get in contact with OG is through gaming, specifically mobile gaming. This is due to the rise of Gacha games which have been labelled as a form of gambling due to shared, similar mechanics (Lakić et al., 2023). The problem is that many players who engage in OG do not have any source of income and rely solely on their parents (Lakić et al., 2023). This can create distrust among the family and develop other forms of mental illnesses such as depression, anxiety, substance abuse, low self-esteem, and delinquency (Livazović & Bojčić, 2019). As it currently stands, there are no ways to prevent young children from accessing these games, not even age restrictions as those are only valid for the content of a video game (Games Ratings Authority, n.d.) and do not consider microtransactions.

Moreover, cognitive biases are also exploited. The most notable one is the Sunk Cost Fallacy (SCF). Tait et al. (2019) explained that it is a cognitive bias where someone has the tendency to make irrational decisions based on past investments, whether it is in the form of time or money. They also highlighted that adolescents are the primary victim when money is involved which is quite worrying. Adults in general are less prone to SCF due to age-related differences in information processing and are less likely to focus exclusively on losses (Strough et al., 2008). Thus, if SCF is exploited from an early age, it is possible that the bias is carried over to adulthood.

Ultimately, the ease of access of OG to the youth has given rise to the development of mental health issues from an early age. Subsequently, this causes financial burden to

amalgamate. This burden, however, not only affects young individuals, but their parents as well. As such, the negative financial consequences of OG also need to be considered.

### **3.0 Youth online gambling and financial consequences**

The captivating world of online betting blinds young individuals to the negative short and long-term consequences of their financial well-being as well as their surroundings. Additionally, the widespread of digital platforms providing unlimited access to OG augments this reality. In 2019, it was noted in the UK that 11 percent of 11 to 16-year-olds said that they had spent money on gambling activities and 7 percent of them reported even having done so online (Armitage, 2021).

Importantly, according to Sarfaraz Khan and Ali (2022), the probability of money laundering is particularly high due to the substantial amounts of money involved. Young individuals must avoid any association with OG, as such involvement could lead them away from legitimate ways of earning money, engaging them in money laundering and tax evasion.

Additionally, Swanton and Gainsbury (2020) underscored that consequences such as loss savings, accruing debts, and potential bankruptcy are additional adversities affecting primarily online gamblers, including the young ones. This financial strain compels one to persist in gambling, hoping for a big win. Their research further highlights a contemporary trend where young individuals are increasingly accumulating debt at unprecedented rates, leading to irreversible loss. This not only impacts their personal financial well-being but also their surroundings, potentially involving them in illicit activities like fraud, theft, or embezzlement from an early age.

Individuals with gambling issues employ diverse strategies to mask their problems by concealing evidence. Downs and Woolrych (2010) reveals that 61.3 percent of surveyed

gamblers had engaged in arguments related to gambling, with 70.3 percent of these disputes revolving around finance. They also added that when young individuals partake in any form of gambling, they may leverage their family's resources or accumulate debts that jeopardise the overall financial stability of the family.

Moreover, Oksanen et al. (2019) emphasise on the fact that OG poses a potential risk, especially for the young. Their research further demonstrates that the emergence of new OG forms introduces potential risks to the younger generation, and it is necessary for professionals to recognise the influence of OG and its associated activities. Consequently, new policies should certainly be developed to address these challenges fostering the youth a more secure financial future.

#### **4.0 Ramifications of the moderately unregulated deceptive marketing of OG**

The unregulated deceptive marketing of OG presents a grave concern, with multifaceted issues that extend far beyond the mere pursuit of financial gain. Firstly, the augmentation of advertising and marketing for OG deliberately taps into young consumer subjectivity. Deceptive marketing strategies capitalise on individuals' cognitive biases and intrinsic senses. Enticing colours, designs, and wordplay are used to lure potential gamblers with promises of excitement and jackpots. This preys on the natural inclination of the human's heuristic of representativeness (López-González et al., 2017). Individuals feel optimistic about their chances, drawing them into a dangerous web of gambling addiction and financial losses.

Many OG advertisements portray gambling as a safe, skill-enhancing, low-risk activity, and associate betting with harmless activities, such as socialising and entertainment. According to research López-González et al. (2017) gathered, supporters of the Australian Rugby League, many of whom are families with pubescent children, were subject to 322 episodes of gambling advertisements throughout three matches (López-González et al., 2017). They argue, as a result,

that minors may be susceptible to early-onset gambling addiction. Thus, younger generations are systematically desensitized to perceive OG as an investment or a hobby. However, OG can have severe financial and psychological consequences for vulnerable youth.

Furthermore, Bouguettaya et al. (2020) consolidate this dose-response relationship between gambling advertising and gambling attitudes. The more individuals are exposed to gambling advertisements, the more they are prone to developing positive attitudes toward gambling (Bouguettaya et al., 2020). This ultimately contributes to an increase in problem gambling cases among youth.

Moreover, streamers use online streaming platforms, such as Twitch, to employ various exploitative and monetized OG marketing techniques, namely integrating elements based on chance: unpredictable rewards, in-game predictions, and giveaways (Abarbanel et al., 2020). These influencers and celebrity-endorsed advertising often highlight luxurious lifestyles and big winnings, glamorising and romanticising the world of OG. Adolescents, in their formative years, are particularly susceptible to these tactics as they see these influencers as their role models. This type of OG marketing is still within the lines of Twitch gambling legislation, causing concern for the safety of young, naïve streamer enthusiasts (Abarbanel et al., 2020).

Therefore, the legality of OG marketing is highly superficial and unclear, depending on the authority and type of advertising. Governments and regulatory bodies should be held accountable for enforcing policies detailing the legal distribution and restrictions of OG marketing amongst youth to ensure safety. More high-quality quantitative, experimental, and long-term research should be conducted on the effects of OG and the insidious nature of unrestricted marketing. Younger generations are suffering terrible repercussions from a lack of intervention, which is causing a rise in addiction rates and socioeconomic costs.

## 5.0 Counterargument

It is essential to explore alternative viewpoints so that we have a more comprehensive understanding of the issue. Ramnerö et al. (2019) highlighted that gambling is a harmless recreational activity since it does not involve any kind of substance abuse and is only an addiction within the human behaviour. They also said that equipping young individuals with the knowledge to make informed decisions can empower them to engage in OG without succumbing to the potential financial pitfalls. This could be achieved by focusing on harm reduction strategies, such as setting limits on spending and time spent gambling, thus reducing the negative consequences.

Additionally, to counter the low chances of obtaining 'powerful items' from the gacha systems in Gacha games, people have learned to reverse engineer the games to maximise their in-game combat capabilities, even with the lack of 'powerful items.' This encourages others to spend less time and money on the Gacha itself, and more time focusing on making items they already have strong enough; making the Gacha system almost redundant. For example, in Genshin Impact, there is a community called "theorycrafters" who reverse engineered the game's combat mechanics to obtain the damage calculation formulae and graphed out calculations (*TheoryCrafting Library | KQM TCL*, n.d.). Thus, further proving that OG, or at least, a part of OG, can unequivocally teach people valuable skills.

Nevertheless, the compulsion to engage in betting tends to resurface among any gamblers even with risk levels being lower, prompting them to resume their irresponsible transactions shortly after incurring losses and harming their surroundings. Despite efforts, the compulsion to gamble irresponsibly persists, especially among vulnerable young individuals (Chen et al., 2022).

Thus, it can be argued, that formal education through university courses in statistics, finance, and other aspects, can be a more beneficial and safer solution without the need for OG

and the prevalence of gambling concerns among youth. Watanapongvanich et al. (2021) accentuate that formal education like going to university allows one to have the necessary financial education but not financial literacy. A prominent level of the latter significantly reduces gambling frequency compared to financial education. Based on data collected, the government should include financial literacy in the curriculum, the foundation of relationship with money, so that they understand and effectively use financial skills, including personal finance management, budgeting, and investing (Watanapongvanich et al., 2021).

## **6.0 Conclusion**

In conclusion, OG being easily accessible has caused a plethora of issues to surface among youth: mental illnesses, monetary losses, and deceptions. Consequently, more efforts are required to address and sanction these concerns and develop responsible gambling practices as beyond psychological consequences, they also raise ethical and legal questions. The exploitability of these behaviours, particularly among younger individuals, demands for stricter legal frameworks that are to be obeyed so as the vulnerable young ones are protected. Stricter obedience to legal frameworks and a deeper understanding of SCF, its effects on mental health, the negative impact on one's financial situation, and how it ties into the addictive gaming mechanics like Gacha games are essential to promote responsible OG and mitigate potential harm. One way to prevent youth OG, and discourage it all together in general, is the (enforced) requirement of verifying one's identity during the registration stage. In essence, when an individual registers an account on an OG website, they must upload an image of themselves holding their ID card. This extra step makes sure the individual is at least of age. Moreover, users are generally put off by multi-step registrations on any website, and with the need of an identity verification, it only diminishes their will to continue as their anonymity is further reduced. To ensure that users are well-informed and protected while engaging in OG, both legal measures and educational initiatives can curb the psychological impacts induced by it.



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