

New Horizons Pre-Conference Session – Additional Q&A

Banking on a Different Perspective: The Financial Industry's Role in Safer Gambling

Session Date: December 1, 2020

Q: What are the merchant codes for gambling international standards and is it reasonable to think this system would work similarly in Canada as in the UK? And second, are those codes 'regulated'? Are there any instances in the UK of (less responsible) operators using alternative codes in order to swerve the blocks?

Natalie: The merchant codes (MCC) we use for the gambling block are managed by Mastercard (and Visa has a similar set up), so this would work similarly in Canada I believe. The codes are monitored heavily by Mastercard but we do sometimes get rogue operators slipping through the net. We describe our gambling block to our customers as a 'best effort' block, but our customers are still liable for transactions that make it through.

Customers can report the merchant to us and we can manually add them but we are currently exploring ways we can work with the regulators over here to improve gambling blocks for all the banks that now have them.

There are many instances where gambling operators will offer different deposit methods that the gambling block won't work with, which is also part of our wider conversation around industry improvements. Because of this, we recommend that customers use the gambling block alongside gambling blocking software such as Gamban, and other methods of self-exclusion. The more measures you can take, the better!

Q: How many customers are using the gambling block?

Natalie: Currently, just over 300,000 which is about six percent of our customer base.

Q: As we think about engaging banks in this initiative, how would it align with the financial sectors' strategy and priorities? How would this benefit the banks to participate in and support this type of initiative?

Natalie: In the UK, banks are regulated by the Financial Conduct Authority and supporting vulnerable customers is part of regulation. This meant that tools like the gambling block, designed with the needs of a specific group in mind, were very much welcomed by the regulator. Regulation is only part of it though.

There's a general feeling that people have become disillusioned with the banks, and people are looking for change. There has been a shift in focus on the ethics of the businesses we all use, and how sustainable and responsible they really are. We're lucky at Monzo to be a mission led organisation, which I think is generally quite unusual for the financial services sector. Responsible banking is part of our culture, but I think over in the UK it's taken a few smaller banks to make the bold move of developing this for the bigger banks to follow.

We're also in an interesting moment globally, because the pandemic has and will continue to increase the number of vulnerable people that banks need to support. One example is the increased patterns of online gambling during lockdown over here in the UK.

We're going to need to pick up the pieces and offer new ways of supporting people, to help repair the damage that the pandemic has done to everyone's mental health as well as physical. It seems to me to be a perfect time for banks to step up and take responsibility to support and care for their customers' financial health and wellbeing - with whatever tools they can provide to help.

Simon: In my talk I detailed how gambling operators may present choices or options to people that may bias the choices we make, and it's difficult for people to avoid these influences. Financial institutions can help people compensate through something as innocuous as a toggle to prevent gambling transactions.

Banks generally have as part of their articles or as part of their corporate social responsibility agenda, some degree of responsibility to ensure their customers have good financial capability, and financial wellbeing.

Financial harm is a key sign of problem gambling, and so there are already grounds on which to expect that banks should have strategies in place to help customers who might be experiencing gambling issues.

Banks show a great degree of proactivity already. Here in the UK, many major banks offer customers really useful money management features as part of their apps, for example. Controlling gambling behaviour, especially more problematic behaviour, is absolutely in-part a money management issue. Helping customers to that end will have numerous benefits - from helping people to keep their accounts in good standing; preventing people falling into debt, or to helping them to pay down debt.