Is real-money video gaming just a form of gambling?

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Several new mobile video games have recently hit the market which allow players to wager real-world money on their in-game performance. For example, players of *Strike! eSports Bowling* can bet up to $60 before playing each game of ten-pin bowling, in the hopes of winning up to $100 in cash should they beat their opponent. Similarly, players of *Block Blitz* can place real money wagers on the outcomes of the Tetris-style puzzle games that they play. In the same vein, players of *Pro Pool* can stake real money on the chance of beating their opponent in a simulated game of 8 ball pool, in the hopes of winning a large cash prize. Real money stakes on this game range from $0.60 to $30.

A significant amount of recent research has dealt with the emergence of links between gambling and video games. This attention has focused on topics as diverse as loot boxes1,2, skin gambling3, and esports betting4. However, real-money video gaming has received little scrutiny.

# Psychological equivalences with gambling

Despite this lack of attention, there are clear parallels in both psychological and legal terms between real-money video gaming and gambling. Psychologically, gambling is often distinguished from other risky behaviours through the presence of several formal markers. More specifically, Griffiths5 describes five features that may effectively differentiate gambling from other activities:

1. An exchange of money takes place
2. Winners gain at the sole expense of losers
3. The exchange of money is determined by a future event, whose outcome is unknown when the bet is made
4. The result is determined (partly) by chance
5. Losses can be avoided by simply not taking part in the gamble

Real-money video gaming clearly fits the first and second of these criteria: In games like *Golf Pro!* and *Dunk A Lot*, players can stake money on winning a one-on-one match with another player, who is putatively staking money on winning the game as well. Should players beat their opponent, they will win more money back – should their opponent beat them, they will lose their stake.

The third and fourth of these characteristics are also transparently fulfilled by real-money video gaming. When placing their bet, it is unclear to a player what they will score in their future game. It is also unclear how well their opponent will do in this game – it may be that they will do badly, allowing an easy win. It may, however, be the case that they will perform extremely well, making a win almost impossible. The strength of opponents varies widely and being placed against a hard opponent is presented as a matter of chance.

Finally, players of real-money video games can definitively avoid losing money by simply not staking any cash in-game.

# Legal equivalences with gambling

Real-money video gaming therefore clearly appears to be psychologically akin to gambling. However, psychological kinship does not necessarily equate to legal definition. Indeed, previous gambling-like activities in video games such as loot boxes have lacked specific formal features that allow them to technically be defined as gambling6.

By contrast, we would argue that real-money video gaming is likely to meet legal definitions of gambling in a variety of territories. Just as with loot boxes, real-money video gaming involves the payment of money in return for a reward that is (at least in part) determined by chance. However, unlike with loot boxes, the chance rewards from real-money video gaming are clearly monetary in nature. As noted by Moshirnia7, the main reason that loot boxes are not legally classed as a gambling product is not because they are embedded in video games. It is because of an inability to “gain cash or tangible prizes” from one’s monetary stake. For example, the reason that the UK Gambling Commission elected not to class and regulate loot boxes as gambling was because they did not deem them their rewards to constitute “money or money’s worth”8. Similarly, New Zealand’s gambling regulator deemed loot boxes to be legally inequivalent to a gambling product because gamers do not buy loot boxes in order to “win money or something that can be converted into money”9.

The rewards associated with real-money video gaming as explicitly monetary in nature. In these games, players do not wager their real-world money for the chance of an in-game item. They wager their real-world money for the chance of gaining even more real world money.

# A new blend of video games and gambling

On their surface, these games may therefore appear nothing more complex than betting: the practice of staking money on the outcome of some uncertain event. One might even argue that the only difference between real-money video gaming and traditional sports betting is that when playing a game like *Pro Pool*, individuals are given more agency: their skill may partially be able to determine whether they win their bet.

However, the unique nature of real-money video gaming may mean that it potentially shares more features with gaming machines than with sports betting. In sports betting, individuals typically stake money on the outcome of an independently verifiable real-world event. By contrast, both when engaging in real-money video gaming and when playing on a slot machine in an online casino, individuals are staking their money on the outcome of an uncertain process occurring within a digital device whose causal mechanics cannot typically be independently verified.

In *Strike! eSports Bowling*, for example, players stake money on a skill-based game of ten-pin bowling. The money involved in this can get serious: Players may stake up to $60 on each short (3-4 minute) game, equivalent to $900 per hour. After they have completed their game, players are informed what score their opponent theoretically received. If their opponent scored better than them, then they lose their stake. If they scored better than their opponent, then they win their stake back, as well as some extra money on top.

However, because the event that players are staking their money on takes place within a video game on their mobile device, there is no way of ensuring that this system is fair. It may be the case that the outcome of matches is determined fairly and entirely randomly. However, it may be the case that players are unfairly algorithmically pitted against stronger opponents when they stake larger amounts in order to ensure larger returns to the operator. It may even be the case that the idea that players are facing off against another player at all is a complete fabrication, and an opponent’s scores are generated wholesale by the operator themselves.

Therefore, whilst real-money video games may present themselves as new opportunities for fair interactive sports betting, the way that they blend aspects of both video games and gambling products may naturally encourage unfair or exploitative business practices to occur.

The lines that separate gaming and gambling have become increasingly blurred in recent years. Real-money video gaming is the latest example of this mixture of video games and gambling. This new media form presents clear psychological and legal parallels with gambling. The lack of regulation of real-money video gaming also presents a compelling case that gambling regulators must now hold significant expertise when it comes to continually investigating, and acting on, the ongoing collision of video games and gambling products.

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