Convergence of gambling and gaming: implications

Gaming and gambling are beginning to converge, as illustrated by the emergence of computer games where players are paid to kill other players or survive as long as possible. Professor Mark Griffiths of the International Gaming Research Unit at Nottingham Trent University, comments that as more gambling operators start to utilise gaming technology, the Gambling Commission may be forced to re-examine the exemption of such 'skill-based' games from Great Britain's Gambling Act 2005.

Over the last 15 years I have written various papers looking at the convergence between various technologies, most notably in the crossover between gambling, videogame playing and internet use (see Griffiths, 1991; 2006; Griffiths & Wood, 2000; 2004; de Freitas & Griffiths, in press). In some countries, video game technology has been used in gambling products for a number of years (such as some of Loto Quebec's use of videogame technology in lottery products in Canada). Conventional wisdom says that two things have the power to drive consumer technology - sex and gambling. These activities helped satellite and cable television, video, and the internet. They are also being increasingly used by the online video game industry. The successful operators will be those that 'mobilise' and then 'monetise' within online communities.

One very interesting development is that videogame players are now being paid to kill within gaming environments (Harper, 2007). On one level, this can be seen as the next phase in the evolution of gaming as game developers are constantly looking for new ways to increase revenue. Since 2006, a number of servers aimed at the adult gaming market have launched services that pay videogame players every time they kill within the game they are playing. On another level, this activity is akin to some types of online gambling, like online poker. As Harper (2007) points out, the prospect of gaining revenue from playing videogames makes online poker seem as old-fashioned as its physical equivalent (p.3).

One of the legal implications of being paid to kill within the confines of a computer game is that the activity is defined as a skill-based (as opposed to a chance-based) activity and is therefore exempt from the regulations set down in the 2005 Gambling Act. It is likely that more and more gambling companies will start to utilise videogame technology within their products and this will then become an issue that the Gambling Commission will almost certainly have to re-examine in terms of the gambling legislation.

One of the problems within online computer gaming is that cheating can be common. Harper (2007) highlights the case of a 'semi-professional gamer' who played Tournament.com for several months, but stopped playing in this gambling-type computer game because he claimed other players had installed third party computer programmes to help them to play well (and win more money as a consequence). The player reported to Harper (2007) that 'it would take more than a month before (the gaming company) actually caught a cheater who ended up raking thousands of dollars from other gamblers' (p.3).

Tournament.com has now ceased trading, but other gaming companies (such as kwari.com) are now setting up similar first-person shooter games and are learning the lessons from those sites where allegations of cheating occurred.

On the Kwari.com website it says: 'Kwari has been designed with a singular purpose in mind - to give you the opportunity to translate your shooter skills into some serious cash. Everything about the game has been tailored to that effect, so much so that even an average player should be able to get ahead in the game quickly. Every time you hit another player in Kwari you make money. Every time you are hit by another player it costs you. Every shot counts. How much is down to the stake level you play in. But this is not the only way to win. Doing damage to yourself, breaking crates, use of certain map features or picking up additional weapons, pickups and health packs may have a fractional cost attached. This cost is transferred between a series of jackpots, prizes and awards available in the game, all of which can be won by any player, regardless of the skill or stake level of game they prefer to play. At no point, however does Kwari take any of this money. 100% of the cash generated through playing the game goes back to the players in the form of prizes. The most frequent of these prizes is the Pill Jackpot, which is split between the player who carries the Pill the longest, and the player who finishes the round with the Pill. Other jackpots in the game are won by collecting Kwari keys which spawn regularly in the game until the prize has been won. Depending on the length of the key series required to win, different jackpots will pay out over different periods, ranging from one hour to six months, and once a jackpot has been won all the key chains for that prize start again.'

Kwari.com make their money via subscriptions to play and in this
way, the product is very similar to
online poker sites which take a very
small commission on winnings.
Kwari.com says it wants to appeal
to casual players who normally use
online poker sites (Harper, 2007).
They also claim that they want
people to play the game for no
more than an hour two times a
week and say they will put a cap on
the amount a user can spend a
month unless they have been
vetted as suitable for their high-
stakes tournament. These types of
action are akin to the social
responsibility practices found in
more traditional online gambling
sites and emphasise that these
types of game are really forms of
gambling in all but name. Many
gaming companies will be
observing whether sites like
Kwari.com succeed financially. If it
turns out to be a success, a lot of
the bigger computer game
companies will want to get in on
the act and this could change the
way in which people game online.
Another slightly different way
that gambling and gaming have
started to converge (and raise
interesting legal questions) is in
environments like the ‘metaverse’
Second Life. Second Life has its
own currency (Linden dollars) that
are convertible into real currency
outside of the game. In the US,
followed introduction of the
Unlawful Internet Gambling
Enforcement Act (UIGEA), the
question arose about whether it is
technically illegal to gamble in the
Second Life environment and then
convert the winnings into real US
dollars. As soon as Second Life was
up and running, a number of
online casino and online poker
companies set up gambling
operations in Second Life. As
Duncan Calow of DLA Piper
notes: ‘Second Life exemplifies the
challenge of translating real-world
law into the digital arena. But with
the emergence of virtual spending

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Professor Mark Griffiths
International Gaming Research Unit,
Nottingham Trent University
mark.griffiths@ntu.ac.uk