

# What's the Problem with Problem Gambling?

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**RESPONSIBLE GAMBLING COUNCIL**

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# What's the Problem with Problem Gambling?

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According to recent estimates, there are over 300,000 people in Ontario who are experiencing moderate to severe gambling problems.<sup>1</sup> While problem gambling can have serious negative consequences for the individual with the gambling problem, it can also have profound negative impacts on family members, friends, the community, gaming providers and government—thus greatly increasing the population affected by this disorder.

## Costs to the Individual

“I work full time nights and by the time my wages go into my bank I take it out and gamble it. Please can you help. I am really in over my head and I can't stop.”

People who struggle with gambling problems often experience serious social, emotional, financial and health consequences, in addition to legal and work-related problems. Gambling problems can mean that rent goes unpaid or mortgage payments fall into default. They can, and often do, lead to the loss of homes, the decimation of personal and retirement savings, the loss of funds for post-secondary education, family breakdown, job loss, and much more. Studies have consistently found problem gambling to be linked to a range of mental health disorders (e.g., depression, anxiety, personality disorders); poor general health; drug, alcohol, and nicotine dependence; personal debt and bankruptcy; legal troubles; reduced work productivity and job loss; and, in extreme cases, suicidal ideation and behaviour.<sup>2</sup>

## Mental and Physical Health

In Canada, research conducted with data from the Canadian Community Health Survey has shown that as the level of problem gambling risk increases, health significantly decreases. More specifically, the research found:

- While 61% of non-problem gamblers rated their health as excellent or very good, only 49% of low to moderate-risk gamblers and 33% of problem gamblers did so. Likewise, 76% of non-problem gamblers rated their mental health as excellent or very good, compared to 69% percent of low to moderate-risk gamblers and 35% of problem gamblers;<sup>3</sup>

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<sup>1</sup> Wiebe, Mun and Kauffman (2006).

<sup>2</sup> Beaudoin and Cox (1999); Cunningham-Williams, Cottler, Compton and Spitznagel (1998); George and Murali (2005); Ladouceur, Boisvert, Pepin, Loranger and Sylvain (1994); Ledgerwood, Steinberg, Wu and Potenza (2005); Lorains, Cowlshaw and Thomas (2011); National Opinion Research Center (1999); Shaw, Forbush, Schlinder, Rosenman and Black (2007).

<sup>3</sup> Barnes (2013)

Other research has shown:

- As problem gambling severity increases, so does the likelihood of having a psychological disorder, especially antisocial personality disorder, panic disorder, major depression, and phobias;<sup>4</sup>
- 78% of individuals with gambling problems have been diagnosed with a mood disorder at some point in their life, compared to only 25% of individuals in a control group.<sup>5</sup>
- Approximately 20% of individuals with gambling problems attempt suicide—a rate higher than any other addictive disorder;<sup>6</sup> and
- Individuals with gambling problems are four times more likely to abuse alcohol and to smoke daily compared to non-problem gamblers;<sup>7</sup> they are also nearly twice as likely to have problems with illicit drugs.<sup>8</sup>

“I am seeking help. I have a gambling problem that is slowly ruining my life.”

## Divorce

- People with gambling problems are six times more likely to be divorced than non problem gamblers.<sup>9</sup>

## Crime

In the more extreme and often highly visible cases, some gamblers who have lost control completely have turned to crime to support their addiction. In Canada, Robert Ladouceur found that more than 1/3 of gamblers with severe gambling problems report stealing from their employer.<sup>10</sup> Other research has shown:

- The majority of individuals with gambling problems who have committed crimes reportedly do so specifically to obtain money for gambling or to pay off gambling debts.<sup>11</sup>

“As access to money becomes more limited, gamblers often resort to crime in order to pay debts, appease bookies, maintain appearances, and garner more money to gamble.”

*National Research Council (1999)*

<sup>4</sup> Cunningham-Williams, Cottler, Compton and Spitznagel (1998).

<sup>5</sup> Specker, Carlson, Edmonson, Johnson and Marcotte (1996).

<sup>6</sup> National Council on Problem Gambling (1997).

<sup>7</sup> Thomas and Jackson (2008).

<sup>8</sup> Cunningham-Williams, Cottler, Compton and Spitznagel (1998).

<sup>9</sup> Thomas and Jackson (2008).

<sup>10</sup> Ladouceur, Boisvert, Pepin, Loranger and Sylvain (1994).

<sup>11</sup> Blaszczyński, McConaghy and Frankova (1989).

- Rates of arrest for individuals with gambling problems range from 32 to 36%, compared to 11% for low-risk gamblers and 5% for non-gamblers; for incarceration, these rates are 10 to 21%, 4%, and 0.4%, respectively.<sup>12</sup>
- Most gambling-related crimes are non-violent, and include such activities as credit card theft, embezzlement, cheque forgery, fenced stolen goods, insurance fraud, bookmaking, and employee theft/fraud.<sup>13</sup>

## Reduced Work Productivity and Job Loss

Among individuals with gambling problems, research has shown:

- 61% report missing work to gamble;
- 59% report difficulty concentrating at work due to a preoccupation with gambling and gambling debts;
- 50% report almost losing their jobs due to gambling; and
- 36% reported losing their jobs.<sup>14</sup>

## Debt

Among individuals with gambling problems, research has shown:<sup>15,16</sup>

- 90% report gambling with their paychecks or family savings;
- Over 60% report borrowing money from friends and relatives to avoid credit problems;
- 60-70% have accumulated indebtedness to financial institutions; and
- 30% report gambling debts ranging from \$75,000 - \$150,000.

## Bankruptcy

Given the financial troubles and debts many gamblers struggle with, it is perhaps not surprising that researchers have found a strong association between the spread of legalized gambling and bankruptcy. In 1997, SMR Research Corporation surveyed 298 U.S. counties with and without gambling and found

**“I am a really bad gambler and really need your help 2 stop. I owe my dad over \$5000, my uncle \$1500, and I have an overdraft of \$700.”**

that those with gambling had a bankruptcy filing rate 18% higher than those without. Counties with five or more gambling outlets had a bankruptcy filing rate that was 35% higher. Authors of the SMR report concluded that not only is legalized gambling “the single fastest-growing driver of bankruptcy” in the U.S., it is also the third leading cause of individual bankruptcies.<sup>17</sup>

<sup>12</sup> National Opinion Research Center (1999).

<sup>13</sup> Problem Gambling Institute of Ontario (2013).

<sup>14</sup> National Opinion Research Center (1999).

<sup>15</sup> National Opinion Research Center (1999).

<sup>16</sup> Potenza, Steinberg, Wu, Rounsaville and O'Malley (1996).

<sup>17</sup> SMR Research Corporation (1997).

Studies in other jurisdictions have also shown a direct link between gambling and bankruptcies. In 2003, the Insolvency and Trustee Service of Australia reported that 2,900 Australians declare bankruptcy each year due to gambling. In New South Wales, gambling has been found to be the fifth most common cause for consumer bankruptcy and fourth most common cause of business failure.<sup>18</sup> In Canada, statistics by the Office of the Superintendent of Bankruptcy reveal that gambling was among the top 10 reasons why people filed for bankruptcy in 2011. Ladouceur et al. (1994) found that 28% of Gamblers Anonymous members reported filing for bankruptcy or having debts of \$75,000 to \$150,000.<sup>19</sup> Other studies have found, quite consistently, that over 20% of individuals with gambling problems will eventually file for bankruptcy as a result of their gambling losses.<sup>20</sup> The rates for low-risk and non-problem gamblers, on the other hand, have been reported as 5.5% and 4.2%, respectively.<sup>21</sup>

As noted by Douglas Hoyes of Hoyes Michalos, trustees in bankruptcy, "When someone develops a gambling problem they often don't stop when they run out of cash. First they spend their savings. Then they cash out their RRSPs. Then they run up their credit cards. And then, when the debts become overwhelming, they may be forced to file personal bankruptcy. If a person goes bankrupt due to problem gambling, the bankruptcy period is generally extended for an additional year, so *reducing problem gambling* would benefit everyone."<sup>22</sup>

## Costs to Family Members and Others

"A family member has a severe gambling problem, borrowing and stealing money to gamble, and not paying debts. It has affected our family in a very bad way. Please help."

While problem gambling can have serious negative consequences for the individual, it can also greatly impact family members and friends. Indeed, a series of Responsible Gambling Council (RGC) studies has found that one in nine Ontario residents report being negatively impacted by

"I have a brother-in-law who has a serious gambling problem. It has caused havoc on our family. His wife has left him. He lives with his parents, who are almost 80 years old. Please advise how we can get help before his life ends."

someone else's gambling--that's over 1M people in Ontario who feel they have been adversely affected by problem gambling in others. RGC also receives numerous emails each year from members of the public requesting help and information on how to cope with family members and friends whose gambling is out of control.

<sup>18</sup> Brading (2003).

<sup>19</sup> Ladouceur, Boisvert, Pepin, Loranger and Sylvain (1994).

<sup>20</sup> Grinols and Mustard (2001); Lesieur and Anderson (1995); SMR Research Corporation (1997); Thompson, Gazel and Rickman (1996).

<sup>21</sup> National Opinion Research Center (1999).

<sup>22</sup> Hoyes (2010).

Negative impacts on family members can include a variety of physical, emotional, and financial problems, such as stress-related illness (e.g., headaches, high blood pressure, anxiety, depression), loss of trust, neglect, domestic violence, severe financial hardship, separation, and—as discussed earlier—divorce.<sup>23</sup>

While the above negative impacts can be devastating for families of individuals with gambling problems, one of the most insidious impacts of problem gambling on the family is its cross-generational impact. Research has shown that children with parents who have gambling problems are up to 10 times more likely to develop gambling problems themselves than children with non-gambling parents.<sup>24</sup> They are also more likely to use tobacco, alcohol, and drugs; be neglected and abused; and have psychosocial problems, educational challenges, and emotional disorders.<sup>25</sup>

“I am really hurting my family and friends with my actions. I have no money because I gamble it away. Please could you help me. I need and want to stop for the sake of myself, family and friends.”

## Costs to Society

Problem gambling impacts individuals and their family members first and foremost. But it also has considerable effects on the broader community through job loss and reduced work productivity; unemployment and welfare benefits; healthcare costs; bankruptcy; loan defaults; crime and policing; court costs and legal fees; among other problems. Even churches and charities, as well as domestic violence and homeless shelters, have reported being significantly burdened by the problems created by individuals directly and indirectly affected by problem gambling.<sup>26</sup>

“I need financial information with regard to debt as a result of gambling. How is it possible for a 77 year old with modest pension income to acquire debt owed to two banks and two credit card companies to a total of more than would ever be possible to repay?”

Several highly credible researchers and government bodies have attempted to assess the social costs of problem gambling.<sup>27</sup> The most authoritative source—The Australian Productivity Commission—estimated that the economic impact of a person with a severe gambling problem ranges from \$6,000 to \$19,000 per year. The largest U.S. study found a much lower yearly cost of \$1,200 per gambler per year. Using the latter estimates, conservatively applied, from RGC's 2005 prevalence study, the cost of problem gambling in Ontario would range from \$93M to \$1.4B yearly.<sup>28</sup> These figures

<sup>23</sup> National Research Council. (1999); Reith (2006); Williams, Rehm and Stevens (2011).

<sup>24</sup> Dowling, Jackson, Thomas and Frydenberg (2010).

<sup>25</sup> Gupta and Derevensky (1997); Shaw, Forbush, Schlinder, Rosenman and Black (2007).

<sup>26</sup> National Gambling Impact Study Commission (1999).

<sup>27</sup> Andresen (2006); National Gambling Impact Study Commission (1999); Productivity Commission (1999).

<sup>28</sup> Wiebe, Mun and Kauffman (2006).

include such costs as loan defaults, bankruptcies, treatment, court costs and other economic impacts. They do not include the social costs associated with the loss of family income, divorce, educational opportunities, suicide, domestic violence, child abuse, neglect, and other impacts where the effect is greatest (i.e., within the family itself). As noted by the National Opinion Research Center (1999): "The costs that are measured through health-based estimates do not capture all of the consequences important to the person, family, or society. The burden of family breakdown, for example, is outside of these measures."

Some researchers estimate that the annual cost associated with a person who has a gambling problem ranges from \$20,000 to \$56,000, including loss of work, court, and treatment costs.<sup>29</sup> Other research has estimated that the cost of problem gambling treatment ranges from \$9,000 to \$50,000 per individual.<sup>30</sup>

## Costs to Gaming Providers and Government

Problem gambling undermines gaming providers and the provincial government in several ways. It generates frequent lawsuits initiated by gamblers attempting to recover their losses. It contributes to morale problems among gaming employees. It taints the gaming floor experience for players who do not have gambling problems. And it undermines the social licence of gaming and government.

### *Lawsuits*

Frequently, players who incur big gambling losses sue gaming providers arguing that the operators should have known they had problems and should have intervened before the patrons lost so much. Typically, these players were self-excluded at one point or at the time they lost substantial amounts. Such lawsuits are a constant in the gaming business and are treated almost as a cost of doing business. But legal fees and settlements drain off profits that might be provided to governments as revenues. In recent years, insurance coverage which used to cover such losses has been discontinued.

### **Gambler sues Crown for lost millions**

—News headline

### *Morale*

Problem gambling undermines morale among gaming staff.<sup>31</sup> Most people do not like to be associated with products that are often perceived in a negative light. In addition, gaming employees are more likely to have a gambling problem than non-employees,<sup>32</sup> for a variety of reasons including the immersion in the gaming environment and the pervasive marketing that surrounds them. These two negative influences undermine staff morale and the player experience.<sup>33</sup> On the other hand, job satisfaction among gaming staff is higher in companies where they perceive their employer to be looking out for the customer's

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<sup>29</sup> Andresen (2006).

<sup>30</sup> Walker (2006).

<sup>31</sup> Internal gaming corporation surveys and conference presentations.

<sup>32</sup> Williams, Volberg and Stevens (2012).

<sup>33</sup> Hing and Gainsberry (2011).



wellbeing and where there are strong programs in place to prevent and treat problem gambling. When employees are trained on how to deal with patrons who may have a gambling problem, it increases their confidence and helps to define what their roles are in this regard.<sup>34</sup>

## Undermining the Social Licence of Gaming and Government

Gaming providers and governments who collect revenues from gambling must have the 'social licence' to conduct their business. They must have public support. In many jurisdictions that support is fragile and comes with conditions. One element of those conditions is strong risk mitigation programs.<sup>35</sup>

Approximately 40% of Ontarians have a negative impression of gambling. Over 70% believe that problem gambling is growing.

While Ontario's gaming operations generate roughly \$2B annually for the provincial government,<sup>36</sup> gambling remains a controversial issue with many people. Public opinion polls conducted by RGC for the past several years have shown that approximately 40% of Ontarians have a negative impression of gambling. Moreover, between 10% and 15% believe that gambling in the province has had a negative effect on them personally. Over 70% believe that gambling problems are growing.<sup>37</sup>

Notwithstanding the public divisions about gambling, there is a very high level of support for the government's allocation of a portion of gambling revenues to problem gambling prevention as demonstrated in Table 1 below.

**Table 1**  
*Percentage of people who agree with problem gambling prevention initiatives 2007-2011*

Statement	2007 Agree (%)	2008 Agree (%)	2009 Agree (%)	2010 Agree (%)	2011 Agree (%)
The government should use a portion of gambling revenues to help people who are problem gamblers	80.4	79.9	80.6	83.1	84.3
There should be prevention programs to help people avoid gambling problems	89.2	87.5	88.7	90.4	90.9
The government should use some of its gambling revenues towards advertising to help prevent gambling problems	86.9	87.3	87.2	87.5	87.9
<b>N</b>	<b>1,203</b>	<b>1,027</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

<sup>34</sup> Hing and Nuske (2009).

<sup>35</sup> RGC Centre for the Advancement of Best practices (2007 – 2011).

<sup>36</sup> Canadian Partnership for Responsible Gambling (2013).

<sup>37</sup> RGC Centre for the Advancement of Best practices (2007 – 2011); Wiebe, Mun and Kauffman (2006).



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