

THE LOTTERY: GAMBLING OR LEISURE?

By Nour-Dean Anakar, CEO of Sorteo Games Inc.



PGRI Note: *Should lottery be thought of as a form of “gambling?” Or is the activity of playing the lottery something else, something other than gambling? The question is quite relevant, from both a public policy and a consumer marketing perspective. Lottery brings people together, and occupies a place in our lives that is so much more than, and different from, just another form of gambling. Nour-Dean Anakar makes a persuasive argument as to why, for many reasons, we should consider lotteries as a leisure activity.*

The lottery is entrenched within the culture of many countries across the world, but where does it sit: is it gambling or leisure?

The lottery provides a life-changing opportunity. Through the exchange of money for a ticket, you take a chance – or a gamble – to win a prize. However, playing the lottery is as much a mainstream activity as going to the cinema or the bowling alley – a form of entertainment that is shared with the family.

Having spent over 25 years working with companies such as Ladbrokes and CODERE across Europe, Latin America and the USA, before establishing Sorteo Games, I have experienced firsthand the true value that the lottery provides to families and communities. To them, it is a leisure activity – something to be enjoyed together.

I will make the case for the lottery as a leisure activity with reference to two excellent, but contrasting, lottery systems – those operating in Mexico and the UK.

THE LEGISLATIVE PICTURE

Legislatively, playing the lottery is distinct from ‘gambling’ – as demonstrated by the regulatory background in Mexico and the UK.

With the somewhat ambiguous nature of the Mexican gambling laws that legalized sports book betting and bingo halls, the lottery is considered by many regulators as the only legitimate ‘gambling’ option available to Mexicans. This distinction between the lottery and other forms of gambling is increasingly being emphasized by the law: for example, the Senate of the Republic of Mexico has recently proposed a new Federal Gaming Law that intends to regulate all gaming and betting services that are not part of the National Lottery as well as raffles and draws performed by charities, TV, internet and telephone. Legislation will also ban slots in stores and casino parlours, and would establish a strict control on all electronic gaming and remote betting that is not part of the National Lottery.

If approved, the initiative will replace the current Federal Games and Draws Law from 1947, and will sanction illegal gaming operations with up to nine years of prison and 1,000 days of minimum salary. Public officers who boost or help in the operation of those illegal places will also be prosecuted. The lottery, however, will remain untouched – demonstrating how it has been separated from the gambling sector in Mexico.

By contrast, in the UK, the lottery has always, legislatively,

sat alongside gambling activities, including betting shops and casinos. Small lotteries were first legalised alongside betting by the Betting and Lotteries Act 1934, updated by the Betting, Gaming and Lotteries Act 1963, and subsequently the Lotteries and Amusements Act 1976.

The Gambling Act 2005 established the Gambling Commission, the regulator for all gambling in Great Britain. However, the National Lottery, the primary lottery in the UK, was exempt from this Act and remains governed by the National Lottery Commission. Furthermore, for society and local authority lotteries, the Gambling Act 2005 enacted a general relaxation of lottery law, such as allowing rollovers of the prize fund from one lottery to another, the sale of tickets by an automated process, and removing the maximum price for a lottery ticket. Such liberalisation is indicative of the recognition by the Gambling Commission that playing the lottery is a safe pastime.

A draft Bill that would merge the Gambling Commission and the National Lottery Commission is currently being scrutinised by the House of Commons’ Culture, Media and Sport Committee. There is little uncertainty that this Bill will become law; the National Lottery Commission has already relocated from central London to the Gambling Commission’s office in Birmingham. However, this merger is perhaps more based on administrative streamlining as the lottery continues to be perceived as a separate from the other activities that are regulated by the Gambling Commission.

This demarcation between the lottery and gambling by authorities in the UK and Mexico reaches beyond the regulation of the game to its proceeds.

LOTTERY PROCEEDS PROVIDE SOCIETAL BENEFITS

Across the globe, the lottery represents a significant source of finance for public projects within sectors such as health, sports and education. For example, 28 pence out of every pound raised by the UK National Lottery is dedicated to the aforementioned sectors. So far, over 390,000 projects – large and small – have benefited from lottery funding, with the National Lottery Commission’s latest annual report and accounts showing that 2011/2012 was the best year since the launch of the Lottery for raising money for good causes.

In fact, the UK’s success as hosts of, and participants at, the

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Olympic and Paralympics Games 2012 wouldn't have been possible without the financial contribution from the National Lottery. The National Lottery contributed £2.2 billion to the Olympics, almost a fifth of the total spent on the Games. Almost all of the money for the infrastructure of the Olympic Park and venues across the UK came from the National Lottery, for which they contributed £1.1 billion. The lottery also gave £16.6 million towards the Cultural Olympiad, a celebration of British music, film, theatre, art and other cultural pursuits. Not only did this help make London a vibrant city during the Olympics, but it had a positive impact on communities throughout the country who participated in the celebrations and has had lasting effect even after the closing of the games.

In Latin America, the impact of the lottery is even more pronounced. Over the last ten years, \$50 billion has been generated by lotteries in the region for use in welfare projects. The lottery is now the primary means of funding education and social welfare programmes, vital to the wellbeing of our nations.

In Mexico, for example, the role of the lottery in supporting social welfare is reflected in the name of our oldest lottery: the Lotería Nacional para la Asistencia Pública – meaning the 'national lottery for public assistance'. Both the Lotería and Pronósticos Deportivos are mandated by the Mexican government to raise funds for public assistance through the sales of lottery products, with all profits delivered to the Ministry of Finance and Public Credit. The Ministry then distributes these funds to the state enterprises and public agencies that administer social programs. Given the size of our industry and its continued growth despite the international economic downturn (the Mexican lottery market is projected to grow to c.\$3 billion by 2016), the scope for fundraising through lotteries – and hence benefiting society – is huge.

This direct impact of the lottery on the lives of not simply the lucky individual winners, but communities and society more broadly helps to position the lottery as a mainstream cultural activity – and a leisure form to be enjoyed by all.

PUBLIC PERCEPTION INDICATES THAT THE LOTTERY IS A LEISURE ACTIVITY

The recognition of the lottery as a fundamental, and beneficial, part of society distinguishes it from gambling. Playing the lottery is a fun, accessible leisure activity that is enjoyed by a significant proportion of the population: over 40% of Latin American citizens play lottery games on a daily basis, and 70% of adults in the UK play on a regular basis. In fact, the UK National Lottery is such a popular institution that 95% of the population recognise the crossed fingers logo.

So why do so many people play the lottery? Unlike other gambling products, the lottery provides much more than simply an opportunity to reap reward: it is a source of entertainment to be shared with all.

The methods by which tickets are purchased render the lottery sociable and also socially acceptable. Lottery tickets can

“The National Lottery has become as much a part of our society as talking about the weather or going for a curry.” National Lottery Commission

be bought worldwide in most shops ranging from local corner shops to huge supermarkets, along with groceries and other convenience goods. These situations are not associated with other activities that can result in 'problem gambling': there is no alcohol involved in the act of buying a lottery ticket, impairing judgement. As a result, despite the greater accessibility of lottery tickets and the lower age (16 as opposed to 18) at which they can legally be bought, instances of addiction are significantly lower for the lottery than for other forms of gambling. According to the most recent British Gambling Prevalence Study, published in 2010, problem gambling was only apparent in 1% of lottery players – a fraction of the 13% of gambling addiction found amongst poker players.

The lottery is a game that doesn't require – and, indeed, can't be affected by – skill or stamina: everyone is equal. Children can share in the excitement of scratching off the foil to reveal potentially life-changing symbols underneath or eagerly awaiting the roll of the ball. The lottery easily lends itself to being played by groups entering as syndicates – often initiating or maintaining interactions that otherwise wouldn't be occasioned. By contrast, placing a bet or playing roulette requires a trip to the bookmakers or casino, or simply playing on the internet at home – neither method being conducive to community or family life.

Playing the lottery forms part of a normal daily routine, like buying a lottery ticket along with a pint of milk, and is an inclusive, mainstream leisure activity. In Mexico, for example, the lottery can be played not only by buying tickets from shops or a myriad of street vendors, but also at restaurants following Sor-teo's launch of the KENO game on Intralot terminals. The purchase of lottery products in such environments encourages una cultura abierta – an open culture. The Mexican lottery provokes further engagement in the local community compelling lottery players to visit the host of vendors to purchase a ticket – contributing to a more open and social culture enjoying a shared leisure activity.

GAMBLING OR LEISURE ACTIVITY?

The lottery plays a fundamental role in people's lives throughout the world. Whether it is enabling mass spectacles such as the Olympics or funding social welfare and education, it is a power for good within the whole community. Its role as a daily form of entertainment that permeates all levels of society globally – giving them the prospect of 'winning big' and allowing them to dream and share the excitement with their friends and family – positions the lottery as an inclusive leisure activity to be enjoyed by all. ♦

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