

Gambling and Gambling Addiction in Switzerland

Empirical study of gambling practice, development, addiction and consequences

Summary

On behalf of
the Swiss Federal Gaming Board
and the Federal Office of Justice

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Summary

The gaming market in the industrialized nations of the West has grown considerably during the past few decades, mainly as a result of deregulation and the need for additional sources of revenue. In Switzerland too, a 1993 bill to abolish the constitutional ban on casinos was passed both by the Council of States and by popular vote. The new Casinos Act that thus came into force in April 2000 has since transformed not just Switzerland's casinos, but the Swiss gaming market as a whole. With 19 casinos currently in operation, Switzerland has one of the highest casino densities in the world. Lotteries and betting are also an important form of gambling, although unlike casinos, responsibility for these resides first and foremost with the cantons. The Lotteries Act, last amended in 1923, is currently under review, although at the request of the cantons, the Federal Council has agreed to defer its amendment until early 2007. One of the main objections to the setting up of casinos was the assumption that this would result in an increase in gambling addiction, with all its negative consequences both for the economy and for society at large. Yet there have been very few studies of gambling and the problem of gambling addiction in Switzerland to date.

Starting point and aims of the study

As part of the on-going implementation of the new Casinos Act and in preparation for the forthcoming amendment of the Lotteries Act, the Federal Office of Justice (FOJ) and Swiss Federal Gaming Board (SFGB) together decided to commission a study on this subject, the five specific aims of which were defined as follows:

- to provide an insight into gambling behaviour, the emergence of gambling addiction and the options for both prevention and "cure",
- to provide information on the prevalence and development of gambling addiction in Switzerland,
- to take a global approach, embracing all forms of gambling (casinos, gaming machines, lotteries, betting, Internet, etc.),
- to permit an estimate of the percentage of gamblers who suffer from gambling addiction and provide further information on how these are distributed among casinos as opposed to lotteries or betting,
- to provide information on the social and economic consequences of gambling addiction and its impact on the Swiss economy.

The study was based on a detailed catalogue of questions covering the following three areas:

- gambling practice: the gamblers' profile, gambling careers, gambling behaviour,
- problem gambling and gambling addiction,
- the consequences of gambling addiction.

The Büro für arbeits- und sozialpolitische Studien (BASS) [Centre for Labour and Social Policy Studies (BASS)] was commissioned with this study in the spring of 2003. A group of experts in gambling (addiction) and social research was asked to assist the study in an advisory capacity.

Data and method

Gambling is generally defined as a specific type of gaming in which (a) the outcome is dependent on chance, (b) there are potential winnings in money or money's worth and (c) only those who wager a bet in money or money's worth are allowed to take part.

A distinction can be drawn between the following **forms** of gambling: table games in casinos (e.g. roulette, blackjack), gaming machines both inside and – if permitted – outside casinos (slot machines etc.), lotteries and betting (number lotteries, scratch cards, betting on sports events, horse races etc.), Internet gambling and illegal gambling (e.g. backroom gambling in pubs and restaurants).

For many people, gambling is an exciting pastime which can be integrated into their daily lives without any difficulty. Some gamblers, however, lose control over their gambling behaviour. Those affected and/or their codependents eventually become so desperate that they seek help from counselling services or self-help groups.

The literature uses a number of different terms to describe such gambling behaviour as could be viewed as "problematic" – whether by the gambler him- or herself or by a third party. In this study, we will use the terms **gambling problems** or **problem gambling** as catch-all terms, reserving the term **gambling addiction** for those cases that have been professionally diagnosed as a gambling disorder (to DSM-IV or ICD-10).

In our effort to answer the questions posed above, we drew on various sources of data:

- The empirical core of the study was a **written questionnaire** sent out to 375 **counselling and therapy services** throughout Switzerland, all of which have the potential to be involved in the counselling of people with gambling problems. The information requested concerned both the institutions themselves (institutional response rate: 59% or 220 institutions) and the people with gambling problems in their care (individual data on 335 persons in counselling).

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■ In addition to this, two sources of **official statistics** of relevance to the problem of gambling addiction were also referred to. The first of these was the Swiss Health Census 2002 and the second the Swiss Hospital Medical Statistics 1998-2001.

■ The **administrative data of the SFGB / FOJ** were also consulted (legal principles, codes, exclusion orders).

■ Another important empirical source of information were the eight **in-depth interviews** conducted with expert counsellors and therapists.

■ For lotteries and betting, the authors were able to evaluate an **internal study by the FOJ** (a 2002 survey on the amendment of the Lotteries Act and betting law).

■ Reference was also made to the national – and in certain cases international – **literature** available on this subject.

Results

The most important results can be summarized as follows:

Gambling in Switzerland

■ **Legislative responsibility** for gambling in Switzerland, meaning specifically that for casinos, lotteries and commercial betting, has been regulated in the Swiss constitution since 1874. Accordingly, games of chance and lotteries are both governed by federal legislation. There are currently two separate laws in force. Whereas lotteries and betting are covered by the Lotteries Act of 8 June 1923, casinos are governed by the Casinos Act, which was passed on 18 June 1998 and came into force on 1 April 2000, a bill to abolish the constitutional ban on gambling having been approved by both the Council of States and by popular vote in 1993.

■ **Lotteries and betting.** The only lotteries allowed in Switzerland are those that serve the common good or a charity. Betting, on the other hand, does not have to fulfil this requirement. The implementation of the Lotteries Act, unlike the Casinos Act, is incumbent first and foremost on the cantons. The Swiss lottery market is currently dominated by two intercantonal, nationally active lottery operators – the Intercantonal Landeslotterie (Swisslos) and the Loterie Romande.

Of the approx. CHF 2.3 billion spent on lotteries and betting in 2003, only CHF 10.5 million was spent on small lotteries, while the rest went to so-called big lotteries. Lottery spending in 2003 averaged out at CHF 312.00 per capita per annum (based on the resident population). As in

the past, the lottery most commonly played was the "Schweizer Zahlenlotto" (a number lottery), including ancillary games. Betting, meanwhile, (on sports events and horse racing) accounted for only approx. one twentieth of the market. The past few years have seen a steady increase in the market share of those lotteries that use modern electronics, such as Loterie Romande's "Loto Express" and "Tactilo". In summer 2004, however, the SFGB took steps to prevent lottery operators from commissioning any more than the 700 "Tactilo"-type lottery machines already planned, as there were concerns that these machines were actually gaming machines, which in Switzerland are governed by the Casinos Act.

■ **Casinos.** The Casinos Act, overseeing compliance with which is among the tasks incumbent on the Swiss Federal Gaming Board (SFGB), requires that gambling be offered only in licensed casinos. It differentiates between two different types of casino, grand casinos (licence A) and spa casinos (licence B), which differ in terms of the types of gambling that can be offered and the size of both the bets that can be wagered and the winnings. Swiss casinos are also bound to draft and implement a social concept that includes measures aimed at preventing gambling addiction.

Under the constitution, casino takings are taxable and the revenue collected payable into Switzerland's pension system (Old-age, Survivors' and Invalidity Pension Insurance, commonly known as AHV). The tax is levied on the so-called gross takings (meaning the total bets wagered minus all the winnings paid out) and the Federal Council can vary the rate at its discretion between 40 and 80 percent. Casinos can demand a reduction in the rate of taxation, if the economic situation so requires.

Since deregulation, the casino market has undergone some significant changes in respect of both casino operators and their offering. By January 2004, 21 (7 A casinos and 14 B casinos) of the 22 casinos planned in Switzerland had already commenced operations. As two B casinos (Arosa, Zermatt) had to close again for financial reasons in 2003, there are currently (October 2004) 19 casinos in operation (7 grand casinos in Baden, Basel, Berne, Lugano, Lucerne, Montreux and St. Gallen and 12 B casinos (spa casinos) in Bad Ragaz, Currendlin, Crans Montana, Davos, Granges Paccot, Interlaken, Locarno, Mendrisio, Meyrin, Schaffhausen, St. Moritz and Pfäffikon-Zürichsee). At the end of 2003 (4 December 2003), Switzerland had a total of 19 casinos with 243 gaming tables and 3,245 gaming machines in operation.

When the first Casinos Act was passed in 1929, the most fashionable and widespread form of

gambling was roulette. Gaming machines were banned in most places, although in those cantons in which they were not explicitly outlawed, slot machines for games of skill with the possibility of a cash prize soon began to appear in restaurants, bars, amusement arcades and, in even larger numbers, in spas. In those days, a bet of CHF 2.00 was required for a game of roulette in a spa casino. In 1959, however, a constitutional amendment raised this amount to CHF 5.00. Roulette remained the only table game permitted in Switzerland's spa casinos (1997: 24) right up until 2000. Over the years, the spa casinos' takings from roulette declined dramatically so that by 1995, they amounted to no more than just under CHF 5 million. The takings from their gaming machines, however, increased steadily during the same period so that by 1995, they totalled some CHF 120 million. The gross takings continued to multiply right up until 1999 and the year 2003, as the first full year of operation for casinos licensed under the new Casinos Act, saw yet another dramatic increase. The total earnings of CHF 561 million (CHF 156 million or 28% from table games and CHF 405 million or 72% from gaming machines) were almost twice those of the previous year and translate into per capita earnings of CHF 76.00 (based on Switzerland's resident population).

■ **Gaming machines.** The gaming machines currently in use in Switzerland are located either in licensed casinos or elsewhere – in those cantons that allow it. Whereas in 1980, gaming machines were still outlawed in most Swiss cantons, by 1990, this figure had fallen to 13 and by 1997 to just 12. Bucking this trend, however, a referendum in Canton Zürich in 1995 led to the outlawing of such machines and Canton Ticino has also banned them. Whereas the maximum bet of CHF 5.00 per game used to apply both to machines located outside casinos and to those in spa casinos, with effect from 1 November 2004, the upper limit for spa casinos has since been raised to CHF 25.00. There is no such ceiling for machines located in grand casinos. At the end of 2003 (4 December 2003, there were a total of 9,127 gaming machines in operation, 36 percent of them in casinos and 64 percent in bars, restaurants and other locations. The machines outside casinos currently generate an estimated CHF 177 million in gross takings every year.

With effect from 1 April 2005, the operation in restaurants and similar locations of gaming machines which were homologized under the old law, but which for the purposes of the new law must be classified as gaming machines will no longer be legal. Only those machines which even

under the new law can still be classified as "games of skill" will be allowed in such locations.

How gamblers make use of the gambling opportunities available

The statistics showing how the gambling opportunities are used are taken from various sources, some of which differ in respect of how gamblers are categorized.

■ According to a demographic survey conducted by the Federal Office of Justice in 2002 (BJ 2002), 56 percent of the Swiss population aged 18 and over regularly take part in a Swiss lottery. Fifteen percent play at least once a week, 12 percent once a month and 29 percent less than once a month. Seven percent of the Swiss population take part in foreign lotteries as well.

■ Forty-three percent of the adult population in Switzerland have been in a casino at least once in their lives.

The following results were taken from the Swiss Health Census 2002 (SGB 02) and concern so-called "**frequent gamblers**" (frequent in this case meaning those who gamble more or less once a week):

■ According to the SGB 02, 1.21 million people or 21.2 percent of Switzerland's resident adult population are "frequent gamblers". Measured in relation to the total population, gambling tends to be more prevalent in the French- and Italian-speaking parts of Switzerland.

■ By far the largest group of regular gamblers (1.18 million people or 20.6 percent of the population) play number lottery, Toto-X, Sporttoto or a similar lottery (whether Swiss or foreign).

■ Between 32,000 and 47,000 people (0.56%-0.82% of the adult population) play slot machines every week, approx. 70 percent of them (21,000 to 33,500 people) outside casinos.

■ Between 15,500 and 26,000 people (0.27%-0.46% of the adult population) visit a casino or spa casino more or less every week.

■ Between 26,000 and 39,500 people (0.46%-0.69% of the adult population) bet on horses every week (Tiercé, etc.). This form of gambling is especially prevalent in French-speaking Switzerland.

■ Among the frequent gamblers, the ratio of men to women is 57 to 43 percent, meaning that the men are in the majority. Whereas in principle, all age groups are represented, the majority of those who take part in lotteries or bet is 50 or over, while those who play slot machines or visit casinos are likely to be younger (40% of them under 35). Pensioners, however, also account for a surprisingly large percentage of the total in this case – namely for 22 percent.

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■ At least three-quarters of those who take part in lotteries and bet every week are Swiss nationals and just under a quarter of them foreigners. The ratio for gaming machines is approx. two thirds to one third, meaning that foreigners, who account for 18 percent of the total adult population, are more likely to gamble every week than are Swiss nationals.

■ Frequent gamblers are to be found in all educational classes. Statistically speaking, however, people with a lower level of education are more likely to be frequent gamblers than those with a higher level of education. There are frequent gamblers in all income categories as well. While the percentage of those in middle-income categories is almost identical with that in the population at large, however, lower-income categories are clearly over-represented and upper income categories significantly underrepresented.

■ With regard to the consumption of addictive substances, there is a clear tendency among frequent gamblers to consume larger quantities of alcohol than the adult population as a whole. The same is true of tobacco, but not of illegal drugs.

■ With regard to psychological well-being and contentment, frequent gamblers who bet or take part in lotteries are no different from the adult population as a whole, while the rates for those who play slot machines or gamble in casinos tend to be somewhat lower.

Incidence of problem gambling and gambling addiction

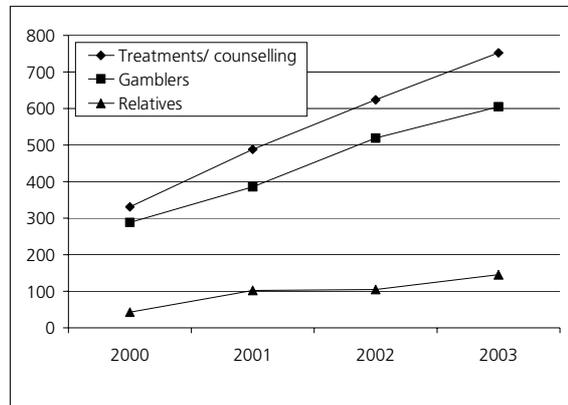
■ There are currently only **two studies** on the incidence of gambling addiction in Switzerland, both of which cite data from 1998. Osiek et al. (1999) found a prevalence rate of 0.79 percent (from 32,700 to 77,800 adults) for pathological gambling and a prevalence rate of 2.18 percent (from 107,100 to 179,800 adults) for problem gambling. In a study covering Canton Ticino, Molo Bettelini et al. (2000) found a prevalence rate of 0.6 percent for both pathological gambling and problem gambling (for the age group 18 to 74).

■ **Internationally**, the average prevalence rates for pathological gambling are between 0.5 and 2 percent in most countries, depending on the gambling opportunities available. It is to be assumed that these prevalence rates will eventually hold true for Switzerland as well.

■ The questionnaire sent out to counselling and therapy services showed that the **number of people seeking counselling for problem gambling** has risen dramatically in recent years from 146 in 1998 to 751 in 2003. In that year, the number of cases expressed as a percentage

of the total number of clients actually quadrupled to 1.61 percent (see diagram). Working on the basis of various assumptions, the actual number of problem gamblers who were in counselling or therapy in 2003 is estimated to be in the order of 1,000 to 1,500.

Number of problem gamblers in counselling 2000-2003



Source: written questionnaire sent out to counselling and therapy services, institutional questionnaire, n = 220 institutions

■ The regional distribution of people in counselling for problem gambling per 100,000 head of population follows a distinct pattern. The more gambling opportunities there are in a particular region, the more problem gamblers there are in counselling. The density of gaming machines outside casinos and the existence of A casinos are the two most influential criteria here.

■ Serious cases of gambling addiction or a combination of gambling addiction with other psychological disorders can necessitate **inpatient treatment** in a psychiatric hospital. According to the Swiss Hospital Medical Statistics 1998 to 2001, there were 325 such cases involving gambling addiction in those years and 102 such cases in 2001 alone. Gambling addiction was the primary diagnosis in approx. one quarter, and a secondary diagnosis in the remaining three-quarters, of these cases.

■ Of the "frequent gamblers" (see above) ascertained by the **Swiss Health Census 2002**, 2.8 percent (31,000 people) said they had already received help or counselling for their gambling problem at least once in their lives.

■ The statistics of the telephone counselling service, **Telefons 143** ("Die Dargebotene Hand" or Helping Hand) show a dramatic increase in problem gambling between 2002 and 2003, by no means least owing to the counsellors' greater awareness of the problem. The number of cases recorded rose from 138 (0.07%) in 2002 to 2,450 (1.04%) in 2003, this representing an increase of 1,675 percent.

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■ After the new Casinos Act came into force in 2002, the number of **exclusion orders** imposed on casino gamblers rose sharply from approx. 700 in 2002 to 2,301 in 2003. Five times as many exclusion orders were imposed as were lifted and a total of 6,923 gamblers had been excluded by year's end 2003. The SFGB expects this number to have risen again to 10,000 by the end of 2004.

■ The experts interviewed estimate the prevalence of gambling addiction in Switzerland to be in the order of one percent. The fluctuation margin found by Osiek et al. (1999) is not open to doubt.

■ Our evaluation of the various sources was used to develop a **model for estimating prevalence** – a model that also rests on the countless assumptions and estimates contained in the written questionnaire sent out to counselling and therapy services, the expert interviews we conducted, the literature and exclusion order statistics. Using this model, we were able to estimate a prevalence rate for Switzerland in 2003 of between 0.62 and 0.84 of the adult population, a rate which translates into between 35,500 and 48,000 people with a gambling problem.

Characteristics of people with gambling problems

It is worth remembering at this juncture that as it takes between five and six years for the average problem gambler to seek help and that as counselling itself generally lasts approx. one year (see below), we should be very wary of trying to establish any direct correlation between the characteristics of those people who are already in counselling and the gambling opportunities currently available.

■ Often it is a codependent rather than the gambler him- or herself who initiates contact with a counselling service. According to counselling service data, approx. 20 percent of those who are in counselling are in fact **codependents**, 85 percent of whom are women. The majority of these, namely 80 percent, are married. Foreigners account for 37 percent of the total and 73 percent live in a household with children. In the majority of cases (75%), the gambler concerned is either a spouse or partner. Whereas in 61 percent of all cases of codependent counselling, the gambler him- or herself is also in counselling, this is not the case for the remaining 39 percent.

■ The ratio of male to female **gamblers in counselling** is the exact opposite of that among codependents, namely 79 percent male to 21 percent female. The average age is 40, the youngest being 15 and the oldest 81.

Forty-four percent of the total belong to the age group of 35- to 49-year-olds, making it the largest single age group. Singles account for the largest group (40%), followed by those who are married (34%) and those who are separated or divorced (24%). Seventy percent are Swiss nationals, meaning that the percentage of foreigners affected (30%) is comparatively high. Most of the gamblers in counselling (63%) are salaried employees, while recipients of old-age pensions are much less frequent (3%). People with gambling problems come from all educational classes. Of the gamblers in counselling, 62 percent have some form of intermediate educational qualification, which is more or less comparable with the rate for the population as a whole. People with a lower level of education tend to be over-represented and people with a higher education underrepresented compared with the population as a whole. The distribution with regard to income is similar.

■ Of the gamblers in counselling in 2003, 18 percent were able to complete their course of counselling as planned. Approximately the same percentage chose to terminate it prematurely and dropped out. The majority (63%), however, were still in counselling at the time of the survey. The institutions that responded to the questionnaire reported a solution to the gambling problem in 46 percent and an improvement in 41 percent of all cases, but no change at all (as yet) in 13 percent of cases. Those gamblers who completed their course of counselling as planned had had 14 sessions on average; the number of sessions varying quite markedly from 1 to 50. The therapy was spread over a period of 404 days on average (median: 266 days). According to the expert interviews, the cost of counselling or treating people with gambling problems is more or less comparable with that of treating people with other addiction problems, or if anything somewhat lower.

■ The average gambler in counselling had had a gambling problem for 6.4 years upon commencement of counselling (median: 5 years). The duration of the problem varied considerably, however, ranging from one to 40 years.

■ The preferred **gambling location** (multiple answers possible) for 59 percent of cases was the casino, for 51 percent a bar or restaurant, for 28 percent an amusement arcade, for 7 percent some other location (private gambling, kiosks etc.) and for 2 percent the Internet. When the locations are divided into mutually exclusive groups, however, it quickly becomes apparent that most gamblers in counselling (42%) prefer to gamble outside casinos. Just over a quarter (28%) gamble both inside and outside casinos

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and only 30 percent of those in counselling or in therapy gamble exclusively in casinos.

■ In geographical terms, 79 percent gambled only in **Switzerland**, 4 percent only **outside Switzerland** and 17 percent both in Switzerland and abroad. The average time spent gambling every day was 3.3 hours (median: 3.0 hours) and the majority of gamblers in counselling (69%) spent between 1 and 4 hours gambling on an average gambling day. The experts interviewed said that the most common gambling frequency was once or several times a week, although many gamblers gambled only periodically.

■ The average **monthly loss** incurred was CHF 5,380 although at CHF1,500, the median monthly loss is a lot lower than this figure. The monthly losses ranged from CHF 150 to CHF 300,000. Of the gamblers in counselling, 54 percent were losing half or more than half of their current monthly household income on average.

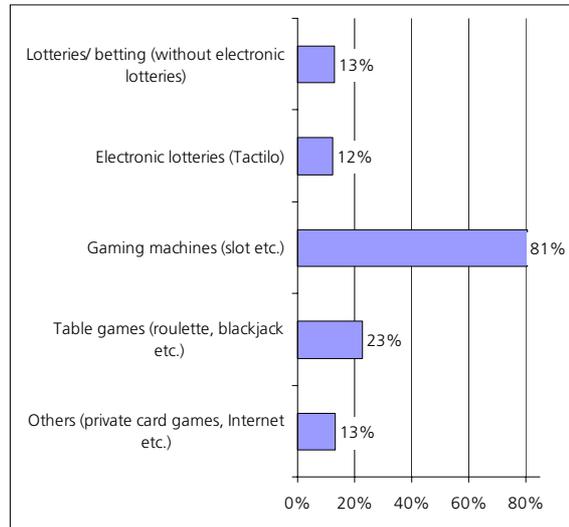
■ Approx. one third of the gamblers in counselling had been **excluded** from a Swiss casino. Of those who preferred to gamble in a casino, 50 percent had had an exclusion order imposed on them. The exclusion order was voluntary in almost all these cases (97%) and imposed by the casino in only 3 percent of cases.

■ One important topic in the gambling addiction debate is the question of **which types of gambling are problematic**. Our evaluation of the data shows that it is clearly above all gaming machines that constitute a problem – a verdict that is corroborated by the research. An evaluation of the data also shows that for many people, the gambling problem has more than one – 1.75 on average – cause. For 81 percent of those in counselling, slot machines or other gaming machines were named as the cause – though not necessarily the only cause – of their gambling problem (see diagram). For 23 percent, meanwhile, table games in casinos were the main problem, the games most frequently mentioned being roulette (18%) and blackjack (11%). Lotteries and betting were also frequently identified as a cause. For 13 percent of those in counselling, lotteries such as number lotteries and scratch cards were a problem – or at least part of the problem. Bearing in mind the limited extent of their distribution, electronic lotteries ("Tactilo" etc.) appear to be problematic for a surprisingly large number of those in counselling (12% on average) and in French-speaking Switzerland actually top the list of problematic types of gambling.

Among the other types of gambling, the ones most frequently mentioned were private card

games for money (mentioned by 6%), point-scoring slot machines (4%) and illegal gambling (approx. 3%).

Problematic types of gambling (multiple answers possible)



Source: written questionnaire sent out to counselling services, individual data, n = 250 people

If only the mutually exclusive groups are considered, then a 53 percent majority of all the problem gamblers in counselling can be described as slot machine gamblers only. The second largest group, comprising 11 percent of the total gamblers in counselling, is made up of those who gamble both on machines and at gaming tables. Seven percent take part in lotteries or bet as well as playing slot machines. Those who gamble only at gaming tables also account for seven percent, while those who gamble only by taking part in lotteries (incl. "Tactilo") or betting make up approx. six percent of the total.

If the definition of gaming machines is expanded to include both electronic lotteries ("Tactilo" etc.) and point-scoring machines, then the total percentage of those in counselling who gamble only on machines rises to 59, while the number of those who only bet or take part in lotteries (not including electronic lotteries) falls to just over two percent. Approximately two thirds of those problem gamblers who gamble only by betting or by taking part in lotteries are users of electronic lotteries.

The range of counselling and therapy services in Switzerland

■ We found a total of 99 counselling or therapy services for people with gambling problems in German-speaking Switzerland, seven in Canton Ticino and 24 in French-speaking Switzerland. All in all, we were able to corroborate the findings of the HAS study (Häfeli/Schneider 2003),

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which found that Switzerland has a wide range of counselling and therapy available for people with gambling problems all over the country. Those services that specialize in this type of addiction, however, would appear to be insufficiently decentralized.

■ In French-speaking Switzerland, there is a shortfall in the availability of counselling services above all in Canton Jura, although steps have already been taken to remedy this situation. There is a similar shortage in Canton Schwyz, which since November 2002 has been home to a B casino (on Lake Zürich).

■ While counselling for problem gamblers accounts for 100 percent of the work of those counselling services and self-help groups that specialize in this field, it accounts for less than five percent of the work of other counselling services.

■ Most gambling counselling, meaning 294 (47%) of the 625 counselling cases in 2002, is provided by addiction counselling services, followed by counselling services that specialize in gambling addiction (156 cases or 25%) and debt counselling services (57 cases or 9%).

■ If one assumes that those counselling services that did not respond to the questionnaire **have half as many problem gamblers** among their clients as those that did respond and if one also bears in mind that the records kept in certain types of counselling service (especially private psychiatric practices) are by no means exhaustive, then it can be assumed that the actual number of problem gamblers in counselling is anywhere between one third higher or even twice as high as the number of cases cited by the counselling services that did respond to the questionnaire. This would result in an estimated number of problem gamblers in counselling of between 833 and 1,250 for 2002 and of between 1,000 and 1,500 for 2003.

■ There are various indicators (increase in the opportunities for gambling, the rising number of exclusion orders etc.) to suggest that the **demand for counselling or therapy** among those with gambling problems is likely to increase in the years to come. This will necessitate not only the creation of the necessary capacity in both counselling and therapy, but also greater professionalism on the part of counsellors.

■ An analysis of the individual data of those problem gamblers who are now in counselling shows that in nearly two thirds of all cases, at least one other **social institution** (debt counselling service, self-help group, RAV etc.) is involved or likely to become involved. When assessing the consequences of gambling addiction, the multip-

le burden it places on various social institutions must therefore be taken into consideration.

■ According to the experts interviewed, the reasons for seeking or not seeking counselling for problem gambling include personal reasons (the gambler's belief in his/her ability to cure him-/herself, shame, lack of motivation), reasons that have to do with the counselling services available (insufficient awareness) and certain sociodemographic factors.

The problem of addiction and how to treat it

■ The therapeutic concept proposed by adherents of the **pathological model** aims to change or remove the underlying causes of the gambling addiction as symptomatic behaviour. The goal is not abstinence, but rather a "healthy" attitude to the addictive substance or activity. Critics of this approach argue that it is too analytical and too slow when it comes to addressing the negative consequences of gambling addiction. Furthermore, an individual who believes he or she is sick is more likely to behave passively when it comes to therapy. After all, sickness is generally viewed as something morally arbitrary that is not of our own doing.

■ Addiction therapy based on the **addiction model** views the addiction itself and any underlying disturbances the individual may have as two separate problems, working on the assumption that the addiction, being the more urgent of the two (owing to the risk of negative consequences for both the individual and society), should be tackled first and only then the underlying or related psychological or psychosocial problems. The primary aim of the therapy is abstinence from gambling. Critics of addiction therapy complain that it tackles only the symptoms and advocates of classical drug therapy have expressed concern at its inflationary use of the term "addiction".

■ In **practice**, either the addiction model alone or a hybrid model containing elements of both the addiction model and the pathological model is applied in most cases.

■ The study describes in detail the **programmes** available for people with gambling problems provided by the following types of institution: gambling addiction counselling services, general addiction counselling services, debt counselling services, self-help groups, outpatient psychiatric facilities (both private and public) and inpatient psychiatric facilities.

■ In none of the types of institution investigated does the **counselling or therapy** provided last longer than that for other types of addiction. While the abstinence phase is achieved more

quickly than is the case with substance addiction as a rule, the psychological analysis and treatment take just as long. The relapse rate seems comparable with other addictions or even a little higher. In general, however, non-substance addictions tend to be overcome faster than substance addictions.

■ The experts interviewed differ in their assessment of what constitutes **successful counselling**. At least some improvement is achieved in most cases and although many clients drop out after the first two or three sessions, those who stay on after that generally stay on right to the end. Most institutions follow up their clients' progress a few months or even up to a year after counselling or therapy has ended. Private psychiatric practices report a relapse rate of 40 per cent, while the rate for inpatient psychiatric facilities is quoted as between 50 and 67 per cent. The lowest relapse rates for casino gamblers who have had psychiatric treatment are those in Ticino, however, where clients first have to volunteer for an exclusion order and there are no alternative forms of gambling available.

■ The course gambling addiction takes from inception to cure is more or less the same for all those affected. This **"gambling career"** can be subdivided into three phases: the positive early phase (winning phase), the critical adjustment phase (losing phase) and the addiction phase (desperation phase).

■ In the study by Nett et al. (2003), the median age of those starting to gamble was 18.5 years and the median age of those encountering their first problems 27.5 years. The median time to elapse between the beginning of the gambler's career and his or her first problems is therefore nine years.

■ The **most intensive phase** for the people interviewed in the above study began at the age of 35 on average (median age: 29.5) and four years on average (two years) after encountering the first problems. This most intensive phase lasted 41 months on average (median: 24 months). For gamblers with counselling experience, the first session of counselling or therapy followed immediately on the most intensive phase, when the gamblers were aged 38 on average (median: 34 years). These findings were corroborated by the results of the written questionnaire sent out to various institutions.

■ A big win, at least when measured in relation to income, can **trigger addictive behaviour**, although an important event in the life of the gambler can also have a role to play here. In the intensive phase, it is the recouping of the losses already incurred that is the central motivation.

■ **Risk groups:** Some experts stress that there are no professional groups for whom the risk of gambling addiction is unusually high. Others take the view that people with irregular working hours (e.g. people who work in pubs and restaurants or in the transport sector) are especially at risk. Others still regard people who have fixed working hours or who work in a strictly controlled working environment (e.g. in banking) or whose profession involves a lot of arithmetic (mathematicians, IT specialists) to be more at risk than others. The local availability of gambling opportunities is also an important factor. At the individual level, ADS syndrome (hyperactivity) is often mentioned, as are various psychological dispositions such as impulsiveness, depression and a penchant for magic (irrational beliefs, superstition).

■ With regard to **those characteristics that make gambling so addictive**, it was the speed of the game and of the winnings that were deemed the most significant factors in the case of gaming machines and the jackpot system in the case of casinos. The payout quota (meaning the quota of bets that is redistributed as winnings) laid down in the rules of play or defined in the machine software was also an important element. While a very high payout quota enables the gambler to continue playing – or to devote him- or herself to his or her addiction – for a long time, low payout quotas are deemed much less attractive as a rule. From the point of view of the gambling provider, on the other hand, high payout quotas are a means of winning customer loyalty and hence essential to their survival. For those who play table games in casinos, it was the high or even extremely high bets wagered and the whole atmosphere of the place – the sense of being far removed from everyday life – that proved most addictive. Lotteries and betting, meanwhile, can prove addictive if only on account of their regularity, while scratch cards, with their immediate confirmation of a loss or a win, also have the potential to become addictive. In addition to the specific characteristics of each particular game, Internet gambling has the additional advantage of being anonymous and free from all temporal restrictions.

■ Very few **illegal forms** of gambling were found by and large. The most prevalent types of illegal gambling would appear to be slot machines in bars, games of cards or dice in restaurants and other private venues that are open to the public, illegal betting on sports events and point-scoring machines with cash winnings. Illegal gambling appears to be on the increase in and around Zürich, however, as is recourse to the gambling opportunities available outside the region. The gamblers affected are often the

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subject of an exclusion order that prevents them from visiting local casinos. At the same time, they are unable to abstain from the practice altogether.

■ The experts interviewed differed with regard to the question of whether problem gamblers could be helped by some form of controlled gambling ("**methadone for gambling addicts**"). Playing for virtual money in Internet casinos was named by some as one possible route to abstinence. Several experts also mentioned that those types of gambling in which there is a long wait between the wagering of the bet and the announcement of the result (meaning lotteries and betting, but not gaming machines) are generally less addictive than those types of gambling for which this is not the case.

Assessment of the measures to combat gambling addiction so far adopted at federal level

■ The casinos' **exclusion orders** are viewed as an effective means of combating gambling addiction, especially as they prevent the gambler affected from incurring substantial financial losses. The exclusion orders are not without disadvantages, however, (the gamblers affected do not necessarily abstain, but rather switch to other types of gambling outside the casino or even abroad) and of themselves are not an means of combating gambling addiction.

■ Most of the experts interviewed regarded the casinos' own **social concepts** as a good idea, even if they differed with regard to how effective these are. The necessary competences have yet to be developed and those casino staff who are responsible for these social concepts require better training.

Consequences and side-effects of gambling addiction

■ In the long run, addictive gambling can be sustained only by running up massive **debts**. Financial problems and a high level of indebtedness are therefore one of the main consequences of gambling addiction.

Approximately one fifth of the gamblers now in counselling were losing 100 percent or more of their current household income to gambling.

Of the gamblers in counselling, 92 percent have debts and in most cases owe money to various different people or institutions (partners, friends and relatives, professional lenders, colleagues and workmates etc.). Many of them also have tax arrears and unpaid bills, while 40 percent either are or have been the subject of compulsory enforcement or have an attachment order on their wages. Seventeen percent have already

filed for bankruptcy. Calculated on the basis of the individual data collected, the average indebtedness is in the order of CHF 257,000 per person and therefore very high, although the actual debts vary considerably. The median indebtedness is CHF 40,000, which means that half the gamblers in counselling have debts that are lower, and half of them debts that are higher, than that figure.

■ Both **relations** within the family and the personal development of each family member are seriously impaired as a result of gambling addiction. The gambling addict's personal relations are characterized by financial constraints, insecurity, self-doubt and disappointment. There is an above-average rate of separation and divorce among people with gambling problems. Almost one quarter of the gamblers in counselling are either divorced or separated. This compares with a rate of seven percent for the adult population as a whole. Gambling was the cause, or one of the main causes of separation in more than half these cases. According to the experts, the involvement of codependents or partners in therapy is very important to its success.

■ For gambling addicts as for other people too, work is one of the most important opportunities for social integration. According to the individual data collected, 18 percent of the gamblers currently in counselling are **unemployed**. This is a much higher percentage than for the population as a whole and gambling was the cause, or at least one of the main causes, of unemployment in 93 percent of these cases. At the same time, however, people with gambling problems are generally deemed comparatively fit for work. What problems they have are caused by lack of sleep, absenteeism and in some cases delinquency.

■ Multiple disturbances have an important role to play in addiction disorders, although extreme caution is called for when determining cause and effect. While gambling addiction can lead to other disturbances, other disturbances can also lead to gambling addiction. Gambling addiction was the primary diagnosis for only 22 percent and the sole diagnosis for only eight percent of those who received inpatient or partially inpatient treatment for gambling problems between 1998 and 2001. Seventy-eight percent of these cases were cases of so-called **comorbidity** (meaning alcohol problems, depression, personality or behavioural disorders and such like in conjunction with a gambling addiction). According to the written questionnaire sent out to counselling services, there is a problem with substance abuse in approx. three-quarters of all those in counselling (tobacco: 60%, alcohol: 40%, illegal drugs: 4%). The other problems

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include eating disorders, disturbed sleep and excessive visits to prostitutes. Coupled with chronic comorbidity, gambling addiction can lead to invalidity. Eight percent of the gamblers currently in counselling are invalids.

■ The burden placed on problem gamblers by their excessive gambling often leads to depression, which in turn can lead to suicidal thoughts or actions. According to the data provided by the counselling services, 21 percent of those in counselling are **suicidal**, which is a very high rate indeed. The experts differ, however, with regard to the actual risk of suicide among gambling addicts. It is certainly very high among those receiving inpatient treatment.

■ The empirical data show that a high percentage of pathological gamblers resort to **property offences**. As the gambling intensity increases, so it becomes increasingly difficult for them to raise the money needed to bet. According to the data provided by the counselling services, 15 percent of those in counselling have faced or are facing prosecution for embezzlement, misappropriation, fraud, theft or burglary. The number of cases that go unnoticed or "crimes" committed within the family is bound to be much larger.

Analysis of the costs and benefits of gambling

Our analysis of the costs and benefits of gambling had to be kept relatively short in this very extensive study. What we tried to do was to ascertain both the benefits of gambling, meaning the additional revenues it generates, and the costs of gambling addiction (converted into monetary terms wherever possible) for the year 2002. We had to choose this particular year, it being the most recent year for which all the necessary data were available. In view of the difficulty of estimating the true social costs and benefits of gambling, however, our aim could not possibly be to arrive at a positive or negative balance. Instead, we had to confine ourselves to determining the respective order of magnitude in each case.

When comparing the costs and benefits of gambling, it is important to bear in mind, as already mentioned when describing the characteristics of the gamblers now in counselling, that it takes between five and six years for the average problem gambler to seek help. This fact makes it all the more difficult to establish a correlation between the costs incurred for those in counselling now and the range of gambling opportunities currently available.

In our analysis, we will differentiate between four levels of social impact, namely the "federal

government", "cantons/communes", "social security" and "society", the latter category being used as a catch-all category for those types of impact that cannot be allocated to the other three.

■ Gambling in Switzerland, in all its forms, **benefits the economy as a whole** to the tune of some CHF 700 million p.a..

In 2002, the **benefits** derived from gambling in Switzerland were spread among the four aforementioned levels as follows:

Forty-nine percent or CHF 370 million went to **society** as a whole in the form of lottery revenues spent on charity.

The **cantons** benefited socially to the tune of CHF 213 million, or 28 percent of the total, 79 percent of which was generated by lotteries and betting (lottery licence fees, the taxation of lottery winnings), 13 percent by casinos (above all in the form of casino tax) and eight percent by gaming machines located outside casinos.

Switzerland's social security system benefited from gambling to the tune of CHF 94 million or 12 percent of the total. The casino tax paid into the AHV Compensation Fund accounts for 99 percent of this total, with the prevention of unemployment and the burden on unemployment insurance which that would entail accounting for the remaining one percent.

CHF 78 million or 10 percent of the total gains from gambling went to the **federal government**, with lotteries and betting (taxation of lottery winnings, unpaid source tax) accounting for 97 percent of this amount.

■ On the other hand, the various types of gambling available in Switzerland also give rise to quantifiable **costs for the economy as a whole** in the order of CHF 100 million, as well as **non-quantifiable social costs** in the form of disorders, divorce, separation and loss of social capital and quality of life for those directly or indirectly affected by a gambling addiction.

The **administrative costs of regulation** account for only six percent (CHF 5.5 million) of the total social costs of gambling. Most of these administrative costs (91 percent) are borne by the cantons and only nine percent by the federal government.

By far the largest item on the list of quantifiable costs is **gambling addiction**, which in 2002 accounted for 94 percent of the total costs or CHF 92.6 million. Most of these costs (76% or CHF 70 million) result from the loss to society of gambling debts, while the remaining social costs of gambling addiction can be broken down into unemployment (19% or CHF 17.5 million),

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treatment costs (3% or CHF 2.7 million) and litigation costs (2% or CHF 2.4 million).

The **quantifiable costs of gambling in Switzerland** are therefore spread among the four levels of impact as follows: Hardly any costs at all (1%) are incurred at federal level. The lion's share of the social costs of gambling (71%) is borne by society as a whole as a result of the loss to society of gambling debts. The cantons and communes bear 18 percent of the social costs of gambling in the form of treatment costs, unemployment costs and litigation costs, while the remaining 10 percent of the quantifiable social costs is borne by Switzerland's sick funds and unemployment insurance.

Our estimate of the quantifiable social costs is in the same order of magnitude as the estimates contained in international studies.

■ When the costs and benefits of gambling are compared, the quantifiable benefits appear to far outweigh the costs – at least at first glance. After all, the benefits are approx. seven times higher than the quantifiable costs of gambling addiction. The non-quantifiable social costs of gambling addiction, however, are very weighty indeed. By ascertaining the maximum sum in money that an individual would be willing to pay in order to secure a certain individual advantage, we would be able to quantify at least some of these aspects and so arrive at a more realistic comparison of the costs and benefits of gambling.

Outlook

The gaming market is considered an important branch of industry in the industrialized West. And it is a growing one too, especially given the trend towards deregulation and the need for additional sources of revenue. As the gaming market grows, so, too does the problem of gambling addiction. This much appears beyond dispute. As the state engages with the gaming market, inasmuch as it grants licences and collects taxes, so it must beware of its potential role as a promoter of addiction.

This report on gambling and gambling addiction in Switzerland is open to various different interpretations. By providing both a quantitative and a qualitative description of the problem, it makes a number of phenomena more readily comprehensible and so could serve as a basis for more extensive research and for various forms of intervention.

■ With regard to **casinos**, the experts interviewed complained that there were still too many casinos in Switzerland and expressed the hope that this number would be reduced so that tho-

se that are left can all flourish and afford to implement good social concepts as well.

■ **Gaming machines outside casinos** are viewed as a serious problem. What will happen after 1 April 2005, the date by when all conventional machines must have been removed from bars and amusement arcades, remains to be seen. There are fears that the machines removed will simply be replaced by such games of skill or lottery machines as have already been approved in various cantons and which appear to be just as addictive as are other gaming machines.

■ Another problem is the separation of the **Lotteries Act** and Casinos Act. There have been complaints that addiction prevention is not adequately enshrined in the Lotteries Act, especially in view of the ever greater prevalence of lottery machines.

■ Improvements are also needed in **addiction prevention**. The Swiss concept as reflected in Swiss legislation is based on a proactive approach that uses early detection to prevent gamblers becoming addicted (additional measures to this end were introduced as per 1 October 2004). The experts interviewed mentioned other approaches as well. Primary prevention should be aimed above all at young people on the threshold of adulthood. In addition to this, there was a need for concepts for teaching gamblers the art of responsible gambling. Secondary prevention should also be stepped up by increasing the information available on non-substance-related addiction and by publicizing and expanding the counselling services and therapy available to people with gambling problems. Casinos could also be required to do more to draw attention to the potential risks of gambling.

As an effective prevention tool, the exclusion order could be further improved by the introduction of various types of exclusion order, such as one merely limiting the number of visits within a given period. Efforts to bring about a system of Europe-wide exclusion orders should also be stepped up. The introduction of technical restrictions to prevent excessive gambling on machines and greater regulation of lotteries and betting are also among the preventive measures proposed.

The way in which prevention is financed at present was viewed critically by some experts.

The need for further (social) research

■ More extensive research is certainly required in **gambling addiction prevention**. With regard to the effectiveness of the casinos' own social concepts, the authors of this study had to confine themselves to the estimates of just a few experts. According to the data provided by

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counselling services, surprisingly few of their clients (3%) had been referred to them by a casino. An effort should be made to find out why this number is so low. It must also be remembered that requiring casinos and their staff to help prevent gambling addiction is in any case problematic as the distinction between what, for the casino, is a "very good client" and a person with a (potential) gambling problem is likely to be blurred in many cases.

■ A broad-based **study to ascertain the prevalence** of gambling addiction in Switzerland would also be conceivable as the last such prevalence study was conducted in 1998 and the gaming market has changed considerably in the six years since then. The 1 April 2005 is also likely to mark a turning point, as under the new Casinos Act, only such gaming machines as can be deemed games of skill will be allowed outside casinos after this date. The impact of this new law should also be examined, especially with a view to the question of which of these new types of machines should be licensed.

■ Expanding the section on gambling in the **Swiss Health Census** conducted every five years among a relatively large sample population of 19,000 people could also provide some useful findings. The next such Health Census is due in 2007.

■ By no means the least of the options open to us for monitoring the spread of gambling addiction in Switzerland would be to send out a **second questionnaire** to the counselling services already approached in a few years from now. This would enable us to use the model developed in this study to estimate gambling addiction prevalence. The development and implementation of a system for monitoring the problem more systematically and over a longer period of time (e.g. by drawing on data from all the most important sources) is another promising avenue that could be pursued.

■ With regard to the **cost-benefit analysis**, a quantification of the intangible social costs of gambling addiction (comorbidity, suicidality, relationship problems, social isolation) would also be desirable. An analysis of the cost-benefit ratio of each type of gambling would also help us arrive at a better understanding of how the total costs and total benefits of gambling in Switzerland come about. Finally, there is a clear need for an analysis of the substitution effect between the gaming market and other product markets.