National Gambling Board
South Africa
a member of the dtic group

2023-24
SOCIO-ECONOMIC IMPACT
OF GAMBLING IN SOUTH AFRICA
SUMMARY

CONTENTS

INTRODUCTION

The National Gambling Board (NGB) undertook a study to determine the socio-economic impact of gambling in South Africa. The study will enable the NGB to advise the government on policy matters relating to the socio-economic patterns, causes and consequences of gambling activity within the republic, as well as compulsive and addictive gambling.

The identification of vulnerable groups, gambler profiles, and areas with a high prevalence of problem gambling in South Africa will inform the content and nature of the NGB's broad-based national public education program. It will also enable the NGB to advise the Minister on an appropriate policy response to advance the mandate of punter protection whilst balancing the economic impact of gambling against its negative social consequences.

This summary provides the main findings of the research to inform stakeholders on the status of gambling in South Africa.

KEY FINDINGS

- The survey revealed that 65.7% of the respondents had engaged in gambling activities in the 12 months preceding the survey, which is a substantial increase from 30.6% in the 2017 national study.
- The National Lottery was the most common mode of gambling, followed by sports betting and lucky draws.
- The highest gambling participation was among the 25-34 years old age group, the full-time employed, the tertiary educated, males, and middle-income households.
- The main reasons for gambling were the opportunity to win a large amount of money, the necessity for more money and the influence of friends and family.
- 29% of respondents reported being aware of underage gambling within their close social circles.
- 27% of gamblers received a social grant, and 50% of the social grant recipients received the COVID-19 relief grant.
- The problem gambling prevalence rate is 31% with 55% of problem gamblers aged between 25 and 34 years and 67% reporting an income below R 9 000.

BACKGROUND

Following the COVID-19 pandemic, significant changes in the nature of the gambling industry have transpired. Online gambling has grown significantly in popularity alongside sports betting. This shift emphasises a need for contemporary evidence to inform policy decisions.

During the COVID-19 lockdown, physical gambling venues were shut down, driving a global increase in online gambling[1]. The pandemic's social and economic stressors, including prolonged home confinement, may have pushed people towards gambling for emotional relief[2]. This shift towards digital betting platforms and changes in gambler demographics have become a key research topic, with findings by Kovačić Zrnka et al. (2022)[3] suggesting that more women and younger individuals are now gambling.

This study characterised the socio-economic variables of gamblers in South Africa and evaluated the economic significance of the gambling sector. Gambling incidents increased significantly compared to the 2017 national study. Furthermore, South Africa presents a particularly high rate of problem gamblers. This significant deviation from national trends in previous studies represents an important structural economic shift in South Africa.

METHODOLOGY

The assessment of gambling prevalence was conducted through a national survey in 2023. The survey was nationwide, aiming to produce a statistically representative sample of South Africa's population. A two-stage, proportionate probability random sampling method was used as a hybrid methodology for data collection—namely, CAWI (Computer-Assisted Web Interviewing) and CAPI (Computer-Assisted Personal Interviewing). In the first stage, an online survey was conducted, and a rebalancing exercise was carried out to ensure representativeness. The assessment results were used to inform the face-to-face top-up sample.

A sample of 4 407 individuals were interviewed; distributed as follows:

- 3 286 (75%) online surveys.
- 1 121 (25%) face-to-face interviews.

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1 BusinessWire, 2020. The South African Gambling Industry 2020: How COVID-19 Lock-Down Has Affected the Industry - ResearchAndMarkets.com. [Online] Available at: https://www.businesswire.com/news/home/20200508005176/en/The-South-African-Gambling-Industry-2020-How-COVID-19-Lock-Down-Has-Affected-the-Industry---ResearchAndMarkets.com[Accessed 26 January 2023].

2 Hodgins, D. C. & Stevens, R. M., 2021. The impact of COVID-19 on gambling and gambling disorder: emerging data, s.l.: s.n.

3 Kovačić Zrnka, P., Tina, P. & Dragica, K.-K., 2022. Internet use and internet-based addictive behaviours during coronavirus pandemic. Current Opinion in Psychiatry, 2(35), pp. 324-331.

SURVEY **FINDINGS**

All respondents in the online and face-to-face samples were presented with a list of 14 gambling modes and asked which modes they had participated in during the 12 months prior to completing the survey (conducted in April 2023). This list included all regulated (licensed or legal) and unregulated (unlicensed or illegal) modes of gambling, and respondents could select multiple modes.

Figure 1 shows that only 34.3% of respondents in South Africa were not involved in gambling activities in the 12 months prior to the survey. The remaining 65.7% of respondents confirmed they had participated in gambling activities in the period under review(including the National Lottery and illegal gambling games). A gambling participation rate of 65.7% is significantly higher than past national studies, which showed a decline to 30.6% in the 2017 national study, as seen in Table 1 below.

Figure 1: Participation of the South African population in gambling

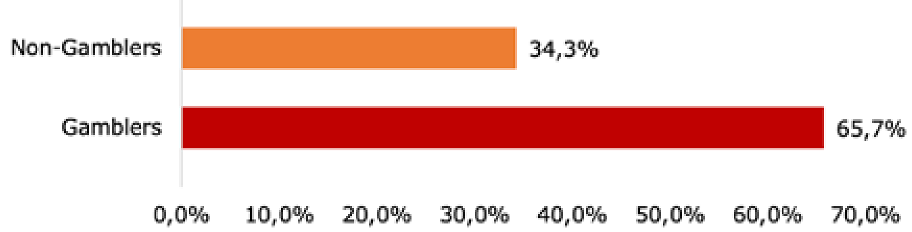


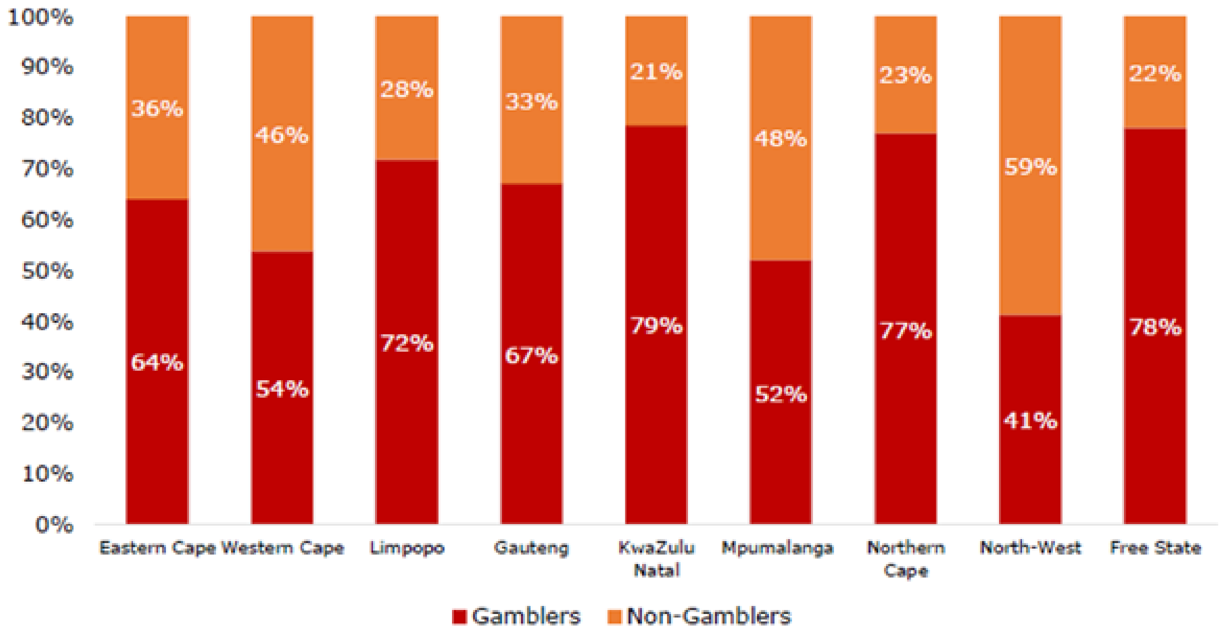
Table 1: Incidence of gambling in comparison to previous NGB studies

INCIDENT	2002 NGB NATIONAL SURVEY[4] (%)	2005 NGB NATIONAL SURVEY[5] (%)	2009 NGB NATIONAL SURVEY[5] (%)	2017 NGB NATIONAL SURVEY[4] (%)	2023 NGB NATIONAL SURVEY[4] (%)
Gamblers	56.8	49.8	34.9	30.6	65.7
Non-gamblers	43.2	50.2	65.1	69.4	34.3
Total	100	100	100	100	100

Source: (Ligthelm, 2002) (Ligthelm & Jonkheid, 2005), (Ligthelm & Jonkheid, 2009) (National Gambling Board, 2017)

The figure below compares gambling participation rates across provinces, showing that the highest was in KZN (79%) and the lowest in the North West (41%).

Figure 2: Gambling participation across provinces



4 Participation in the 12 months preceding the survey

5 Participation in the 3 months preceding the survey

Table 2 below shows the gambling prevalence across the various modes of gambling. The top gambling modes in the country were as follows:

i. National Lottery
ii. Lucky draws
iii. Betting on sports and other contingencies (online)

- Traditionally, the National Lottery and Lucky draws have been the most popular modes of gambling in South Africa. The betting prevalence shot up to 46% in 2023, up from 13% in 2017.
- The incidence of betting on sports and other contingencies online was more than double that in retail outlets.
- Casino gambling remains an important sector of the South African gambling industry, with a 27% prevalence rate.
- Across the country, a significant proportion of the population (57%) participates in unlicensed/ illegal gambling.

Table 2: Incidence of gambling across different modes

MODE	PERCENT (%)
Lucky draws	47
Scratch cards	31
National Lottery	66
Bingo (traditional)	4
Bingo (electronic)	5
Casino	27
LPM	7
Betting on sports and other contingencies (retail)	22
Betting on sports and other contingencies (online)	46
Betting on horse racing (retail)	9
Betting on horse racing (online)	12
Unlicensed/ illegal gambling*	57

The survey examined gambling incidences across various socio-economic variables, including age, work status, education, gender, area of residence, and household income. The survey revealed that the highest gambling participation was among the 25-34 year old age group, the full-time employed, the tertiary educated, males, and middle-income households.

The survey asked the gamblers about their reasons and motivations for gambling, as well as the factors that affected their urge to gamble. The study revealed that the primary triggers for gambling were the opportunity to win a large amount of money, the necessity for more money and the influence of friends and family. The survey also revealed quick payment of winnings, easily accessible cash and staff promptly identifying problem gamblers as gambling environments that were effective in influencing their desire to gamble.

The survey investigated the link between gambling and social welfare, such as poverty, social grants and underage gambling. It revealed that 29% of the respondents knew of underage gambling in their close social circles. 27% of gamblers received a social grant from SASSA, with 50% of those receiving the COVID-19 relief grant. The survey also revealed a positive correlation between gambling incidence and poverty rate at the municipal level.

The survey asked all respondents about their views of gambling and the gambling regulatory environment in South Africa. 76% of respondents agreed that gambling is addictive, 67% agreed that the gambling industry creates jobs, and 65% agreed that people should have the right to gamble whenever they want. The survey also revealed that 68% of the respondents were aware of the National Gambling Board, 66% were aware of the existence of legal and illegal gambling modes, and 48% perceived the gambling industry in South Africa to be well-regulated.

QUALITATIVE **FINDINGS**

There were diverse opinions on gambling among the respondents, with some viewing it as a coping mechanism or a way to make more money, while others were cognizant of the dangers and harms of gambling addiction.

Focus group participants engaged in various gambling activities, both online and land-based, such as casino games, sports betting, lottery, bingo, and LPMs. Some respondents regarded online gambling as more hazardous than face-to-face gambling. The main benefit of gambling was the chance to win money, while the main drawback was the risk of losing money or going into debt. Some respondents also cited the negative emotional and mental effects of gambling, such as depression, stress, and remorse.

Some respondents recognised that gambling could have positive economic impacts, such as job creation, tax revenue, and infrastructure development. Some also used gambling to augment their income or to deal with financial challenges.

Respondents used various methods to determine the legality of a gambling activity, such as verifying registration with the gambling board, assessing the quality of the facilities, verifying identity, and assessing the ease of getting winnings. Respondents also named some illegal forms of gambling, such as dice games, card games, and unregistered online sites.

Several factors affect the frequency and time of gambling. The main reason for gambling longer than planned is the hope of winning more money or recovering lost money. Advertising, especially customised credit offers on accounts, enticed them to gamble when they did not intend to do so on a given day, or in ways that were contrary to their planned behaviour and budget for the week. Unforeseen family expenses also caused gamblers to exceed their planned gambling.

The COVID-19 pandemic has influenced the online gambling habits of many individuals. Some gamblers reported that their behaviour remained the same, particularly those who were online gamblers before COVID-19, while others were affected by the stoppage of sports events and by increased free time and exposure to online advertisements. Many people switched to online gambling during the lockdown, and some even used it as a source of income after losing their jobs.

PROBLEM **GAMBLING**

The survey revealed that 31% of gamblers were problem gamblers. This is a significant increase from the 2017 incidence of 5.8%.

Table 3: Prevalence of problem gambling

CPGI CATEGORIES	PGSI SCORE	GAMBLER	
		NUMBER	PERCENT (%)
Non-problem gambler	0	576	20
Low level of problem	1-2	579	20
Moderate level of problems	3-7	847	29
Problem gambler	8+	891	31
Total		**2 893**	**100**

Problem gamblers can be characterised as follows:

- 55% of problem gamblers were aged between 25 and 34 years.
- 52% are employed full-time.
- 50% are female.
- 67% reported having an income below R 9 000.

Apart from the National Lottery/ lucky draws, problem gamblers were largely involved in unlicensed/illegal gambling and online betting.

Table 4: Gambling prevalence by gambling mode for problem gamblers

MODE	PERCENT (%)
Lucky draws	56
Scratch cards	39
National Lottery	55
Bingo (traditional)	9
Bingo (electronic)	10
Casino	37
LPM	10
Betting on sports and other contingencies (retail)	32
Betting on sports and other contingencies (online)	50
Betting on horse racing (retail)	14
Betting on horse racing (online)	18
Unlicensed/Illegal gambling	70

IMPACT OF GAMBLING ON HOUSEHOLD WELFARE

The survey indicated that most gamblers would have more money to save (59%) and spend on household necessities (48%) if they stopped gambling. This also suggests that gambling may affect the well-being of the gamblers and their family members, as they may sacrifice essential goods and services to afford their gambling activities. South Africans spend more per person on gambling than on shoes, fruit, and vegetables. Poorer segments of society are more vulnerable to the harmful effects of gambling, as they have less disposable income and face higher trade-offs.

Table 5: Expenditure displacement effects

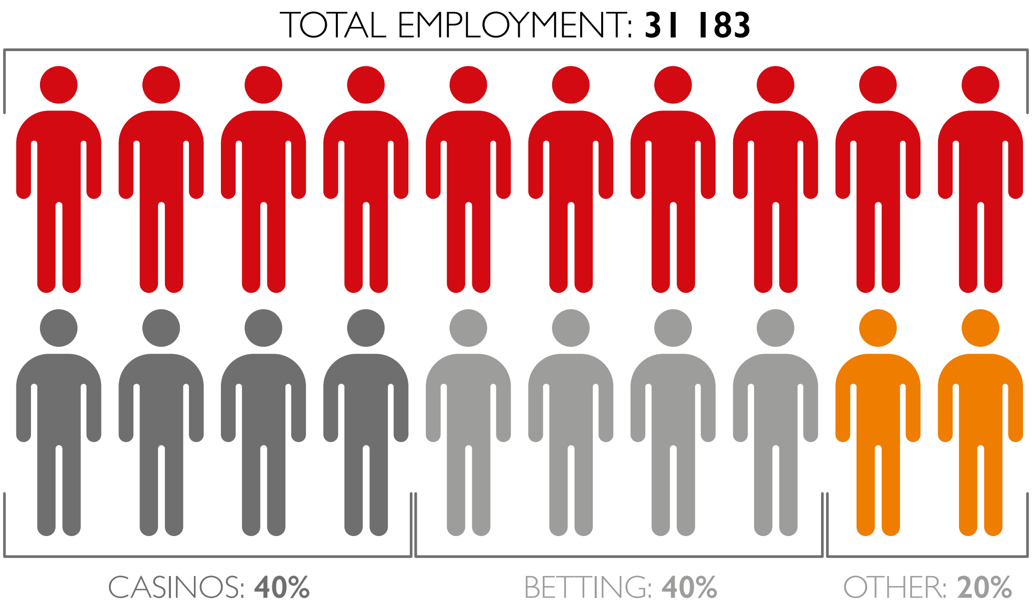
IF YOU DID NOT SPEND MONEY ON GAMBLING, WHICH OF THE FOLLOWING WOULD YOU SPEND THAT MONEY ON?	PERCENT (%)
Payment of debt/accounts	37
Purchasing of luxury items (e.g., furniture, cell phone, car)	21
Purchasing of household necessities (e.g., food, soap)	48
Savings	59
Entertainment	37
Payment of bond/rent	10
Give it to my spouse/partner/family	18
Donation to charity	7
Travelling/holiday	16

The percentage of household income allocated to gambling activities is a measure of the propensity to gamble in South Africa. It was estimated as 1.15% in 2022/23, with betting and casinos being the largest contributors. The R48 billion in GGR from licensed gambling facilities in South Africa in 2022/23 translates to an average yearly spending of R1,112 per person aged 20 or older in 2022. This leads to an estimated R1 693 yearly spending per gambler in 2022/23, down considerably from R2 614 in 2017. 38% of South African gamblers had a monthly income of less than R3 699, and 23% were jobless. This shows that the low-income segment of South Africa is a significant participant in gambling activities.

Low-income gamblers engaged in various modes of gambling, with the most common being unlicensed/illegal gambling (52%), betting on sports and other events online (36%), lucky draws (33%), and LPMs (20%). These modes may have lower entry costs, higher payouts, or easier access for less wealthy gamblers.

In South Africa, economic hardship pushes people to gamble to cope with money problems. Many people pointed out that they often spend their gambling winnings on buying essential household items and paying off debt/bills.

Figure 3: Gambling industry direct employment



The gambling industry directly employed 31 183 people in 2022, with casinos (40%) and betting (40%) being the largest employers.

Gambling contributed 0.83% to the country's gross domestic product (GDP), based on a social accounting matrix (SAM) multiplier model that estimated the direct, indirect, and induced effects of gambling on the economy. The results indicated that the gambling sector has a high output multiplier of 4.64 and a GDP multiplier of 1.62, indicating a strong influence on South Africa's economic activity.

Table 6: Gross Value Added by the gambling industry

GGR of the gambling sector (gambling modes regulated by the NGB)	R48.00 billion
GVA of gambling sector (based on a GVA to output ratio of 70 to 100 of the hotel and restaurant subsector of South Africa)	R33.60 billion
GDP multiplier	1.62
Total GVA of the gambling sector (direct, indirect and induced)	R54.41 billion
GVA at basic prices of South Africa (2021)	R6 573 billion
Contribution of the gambling sector (gambling modes regulated bythe NGB) to the South African economy	0.83%
Number of jobs in the gambling sector	31 183
Output multiplier	4.64
Total direct, indirect and induced jobs of gambling sector	144 619
Total employment in South Africa	15.8 million
Contribution of the gambling sector (gambling modes regulated by the NGB) to South African employment	0.91%

SOUTH AFRICA'S LEGISLATIVE ENVIRONMENT **AND GLOBAL BEST PRACTICE**

South Africa's legislative framework is individual-centric and lacks key foundations of best practice. The Critical Framing Analysis of the National Gambling Act 7 of 2004 finds that it scores poorly on the system frame. This suggests that although there is emphasis on responsible gambling, responsibility seems disproportionately directed at punters.

Advertising has a significant impact on the acceptance of gambling as a normal, harmless, and legitimate activity. Advertising changes the attitudes of people such that they see gambling as a fun, pleasant, and carefree part of an entertainment lifestyle. The focus group discussions indicated that the spread of online gambling and advertising of such products resulted in mode substitution from land-based gambling modes to online-based modes, increased length of gambling and triggered impulses to gamble among problem gamblers. Exposure to advertising contributes to the occurrence of problem gambling.

Problem gambling is not only a health issue. It is a complex phenomenon that requires cooperation across sectors such as health, social development, education, and labour. It is not solely a health or moral issue, but rather a symptom of psychosocial and environmental factors. A reframing of the policy to focus on systematic reforms to protect punters is required to ensure a holistic protective environment.

Technology has made gambling easier by providing more convenient and accessible ways to gamble through online platforms. The rise of online gambling has contributed to the creation of online platforms where punters can exchange information about gambling games, betting tips, and betting codes. This has made it easier for people to access gambling opportunities from the comfort of their own homes, without having to physically visit a casino or betting shop.

CONCLUSIONS AND RECOMMENDATIONS

Since the 2017 national study, gambling participation has increased from 30.6% to 65.7%. From an economic perspective, gambling contributes 0.83% to the country's gross domestic product (GDP), with a high output multiplier of 4.64 and a GDP multiplier of 1.62, indicating a strong influence on South Africa's economic activity.

The gambling sector is a significant contributor to South Africa's economic activity, thereby justifying its existence and the consequent regulation.

Thus, while recognising the economic impact of gambling, further regulation is needed to counter the rise of problem gambling—the findings from the focus group discussions on online gambling advertising support this.

BROADENING THE TAX BASE FOR SIN TAXES TO INCLUDE GAMBLING

It is advised that the dtic and National Treasury consider the impact of broadening the base of sin taxes by imposing a tax on the sale of bets, tickets, tokens, and chips. The proposed sin taxes should be implemented alongside an extensive community education initiative (preferably on the same scale as operator advertisements) and an improvement in the monitoring of unlawful gambling activities. Ideally, these taxes would raise the cost of gambling and potentially reduce its prevalence, particularly amongst low-income earners.

GAMBLING ADVERTISING DURING SPORTING EVENTS

Gambling regulation should consider viewing all sports events or scheduled broadcasts not rated as PG18+ as potential viewing content for children. As a result, restrictions on gambling advertisements during such programming should be considered. This recommendation is supported by the finding that children can identify brands associated with gambling and betting and can recount details of the gambling advertisements they've encountered through various media channels, including sports sponsorships, influencer endorsements, online platforms, and social networks. There is evidence that children can access registered online betting sites.

RESTRICTIONS ON DIRECTED ADVERTISING

Gambling regulations should consider restrictions on directed advertising that give punters the impression they are eligible for complimentary bets, account credits, matched stakes, or any messaging aimed at attracting customers to place bets. This recommendation is supported by the finding that a common theme in public focus groups was the idea of targeted, direct advertising offering punters credit on bets. Participants indicated that such marketing induced them to gamble more frequently and for more extended periods, and to place higher bets. This type of marketing is particularly worrying in the case of problem gamblers, where research suggests that such gamblers may have impaired risk/reward perception and cognitive control issues. Advertising, especially targeted offers of credits on accounts, tempted them to gamble when they did not plan to do so on a specific day or against their own intended behaviour and budget.

RESTRICTIONS ON SPONSORSHIPS

The National Gambling Board and Provincial Licensing Authorities (PLAs) may consider adopting a complete or partial ban on the endorsement of gambling activities and operators by celebrities and influencers. This includes restricting endorsements or advertisements that feature individuals under the age of 35 and requiring that endorsements and advertisements be officially disclosed. To ensure uniformity, the NGB should establish guidelines for PLAs to implement. This recommendation is supported by findings that show young men's identities are targeted by sports betting adverts, which normalise participation in gambling activities. Additionally, children can identify brands associated with gambling and betting, and celebrity endorsements foster brand awareness and favourable attitudes towards advertised products, particularly among children and youth. Gamblers and non-gamblers alike agree that measures like regulating advertisements and promoting treatment on national TV are acceptable.

ONLINE SELF-EXCLUSION REGISTRY

The NGB should create an extensive national online self-exclusion registry, where individuals are able to apply for self-exclusion both independently and through operators. Every operator must be granted access to this self-exclusion database, and all operators are obligated to incorporate this system to facilitate the enforcement of exclusions. Options for self-exclusion should be prominently displayed on an operator's website homepage, especially for first-time users. This recommendation is supported by the findings that there is currently no system to implement a nationwide exclusion. Punters indicated that operators have attempted to persuade them not to deactivate their accounts, but instead to inform them about self-management tools, and most punters stated that they did not know about the self-management tools offered on online betting sites. However, there was a consensus on its possible usefulness.

GUIDELINES FOR SOCIAL MEDIA ADVERTISING

The NGB should consider formulating a detailed guide for adverts appearing on social media, mobile apps, and websites.

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