

Press release

**A study by the Netherlands Gaming Authority has shown:**

# **Certain loot boxes contravene gaming laws**

**THE HAGUE , 19 April 2018 – A study by the Netherlands Gaming Authority has revealed that four of the ten loot boxes that were studied contravene the Betting and Gaming Act (*Wet op de kansspelen, Wok*). The reason is that the content of these loot boxes is determined by chance and that the prizes to be won can be traded outside of the game: the prizes have a market value. Offering this type of game of chance to Dutch players without a licence is prohibited. Moreover, the analyses that are currently available indicate that all of the loot boxes that were studied could be addictive. The Netherlands Gaming Authority has reached this conclusion in its ‘Study of loot boxes | *Treasure or a burden*. As a result, the supervisory body is calling on the games sector to modify all games before mid-June.**

The Netherlands Gaming Authority is calling on providers of games with loot boxes to adhere to the norm stipulated under Dutch law and modify their games accordingly. From 20 June 2018, the Netherlands Gaming Authority may instigate enforcement action against providers of games of chance with loot boxes that do not adhere to this norm.

The Netherlands Gaming Authority warned of the possible risks of loot boxes as long ago as November 2017. The concerns about loot boxes that the Netherlands Gaming Authority received from gamers, parents and care institutions also helped to prompt this study. Worldwide, numerous supervisory bodies are currently examining the loot boxes phenomenon. The Netherlands Gaming Authority is in close contact with fellow supervisory bodies in order to take joint action.

## **Loot boxes: virtual treasure chests**

Loot boxes, also known as ‘crates’, ‘cases’ or ‘packs’, are a type of treasure chest containing items that are being built into more and more digital games. They are intended to make a game more attractive and/or easier. Loot boxes in games create a mixture of games of chance and games of skill. Although the outcome of games is determined by skill, the outcome of loot boxes is determined by chance.

Some loot boxes are free, while the player has to pay for others. In addition, the content of some loot boxes has a monetary value. This fact gave rise to the question of whether loot boxes are permitted on the grounds of gambling legislation. The Netherlands Gaming Authority also wanted to know whether addiction risks are associated with opening loot boxes.

The analyses that are currently available indicate that all of the loot boxes that were studied could be addictive. Loot boxes are similar to gambling games such as slot machines and roulette in terms of design and mechanisms. There are, however, no indications that loot boxes are being opened on a large scale by problem players and/or addicted players. Socially vulnerable groups, such as young people, are being encouraged to play games of chance.

### **Study design**

The study of loot boxes comprised various components. The legal permissibility of loot boxes has been studied by consulting the Guide on Assessing Games of Chance (Leidraad beoordeling kansspelen). To do so, the functioning of the ten loot boxes that were selected was analysed, including by opening loot boxes ourselves. The Netherlands Gaming Authority selected the games in its study based on their popularity on a leading Internet platform that streams videos of games and players.

While addiction risk was researched by studying the literature, information was obtained from addiction care and other experts. The game was also evaluated using an evaluation tool that was previously used to analyse the Dutch gaming market.

### **Call to providers**

Six of the ten loot boxes that were studied do not contravene the law. With these games, there is no opportunity to sell the prizes won outside of the game. This means that the goods have no market value and these loot boxes do not satisfy the definition of a prize in Section 1 of the Betting and Gaming Act.

The Netherlands Gaming Authority therefore calls on providers of this type of loot box to remove the addiction-sensitive elements ('almost winning' effects, visual effects, ability to keep opening loot boxes quickly one after the other and suchlike) from the games and to implement measures to exclude vulnerable groups or to demonstrate that the loot boxes on offer are harmless.

To date, the supervisory body has not been able to establish that providers of the games implement control measures to exclude vulnerable groups such as minors and to prevent addiction. The Netherlands Gaming Authority puts the protection of vulnerable groups, such as minors, first.

### **Gaming safely in a fair market**

The Netherlands Gaming Authority is committed to ensuring a reliable and trustworthy offering of games of chance in a safe environment. The Netherlands Gaming Authority does this as a public authority, together with players, providers of licensed games of chance and government services with which they cooperate. The Netherlands Gaming Authority's approach is strong and justified to safeguard the interest of reliable games of chance in a safe environment.