

Understanding Video Game LOOT BOXES & SKIN BETTING



ONLINE GAMING

Much is written in the media about online gaming, gambling and "skin" betting. These terms can be confusing as they mean different things in different contexts. Online gaming has historically meant gambling websites with cards, slot machines and roulette. More recently, as we are discussing here, online gaming has also come to mean video games you play over the internet. In online video games, players can often start playing for free. As they progress, the game offers in-app purchases that provide equipment, weapons, outfits and enhancements to characters. These are usually small purchases of just a few pounds. However, games offer many hundreds of these purchases that can mean children spend a considerable amount of money.



LOOT BOXES

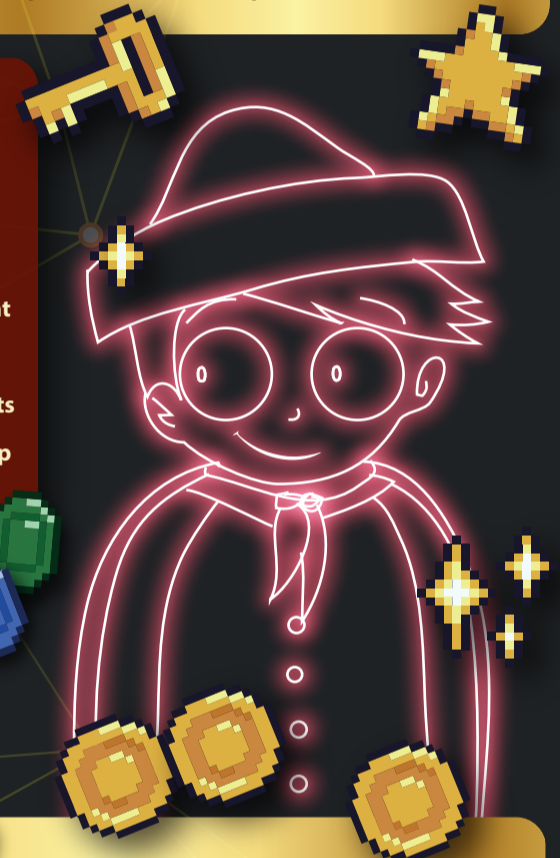
Some video games also offer what has been called "loot boxes" as a way to purchase these items. Similar to purchasing a pack of Panini football stickers or a Lego Minifigure in foil packaging, players don't know exactly what they will get. They may get a common item that has a low value in the game. Equally, they may get a rare item that has a high value. These interactions are not considered to be gambling according to the UK Gambling Commission, although sometimes they have a similar appearance because the items obtained have no monetary value outside the game. Only games that contain simulations of real-world gambling have the PEGI Gambling descriptor. However, games that offer in-app transactions of any kind are flagged with the PEGI In-App Purchase descriptor on the box or at point of sale online.

SAFE SETTINGS

It's important that parents try this out with children as they venture into the world of gaming. Together they can build an understanding of how these purchases work and discuss which are really good value, and which are over-priced. Like pocket money, it can be a good way to teach children about virtual currency and online purchases.

It's important to understand that it can be easier to make repeat purchases online compared to buying toys or stickers over the counter. Also, many games offer high-cost top-ups of virtual currency (up to £79.99) in a single purchase. While these are sometimes labelled "best value" they represent a significant investment in a game that should be considered carefully before purchase.

It's worth noting that Microsoft, Sony and Nintendo have agreed to disclose the odds of getting rare items in loot boxes. Game publishers on these platforms will have to reveal the chances of each purchase. Some publishers do this already. Together with your child, you can set-up spending limits to stop accidental purchases. A good approach is to use the pocket money feature on consoles to allow them to spend a small amount each month. You can also avoid putting your credit card details in by using pre-paid cards that work like book tokens. If you do add credit cards ensure you set up a password on the account.



SKIN TRADING

Because players can trade and swap items in games, the relative rarity of these items creates a thriving market where these items are exchanged. This trading aspect of games like Rocket League can be an enjoyable way for players to get the items they want, similar to swapping football stickers in the playground.

Because these items are often just visual changes to how characters look they are called "skins", although, in reality, this includes items that do more than change appearance. It's important for parents to understand that these "skin" trades are often arranged on websites or apps outside the game itself. This can mean that parents are unaware of trades. Also, the third-party communities are unregulated and beyond the control of the game creator.



SKIN BETTING

Use of this "skin" currency can be taken further by websites that use it for gambling. "Skin betting" is when players use these virtual items they have earned or purchased in games as gambling currency. Players can also use these sites to bet with "skins" on eSports competition outcomes. It's important for parents to be aware of this activity, as it can consume considerable amounts of money if a player is buying in-game items for this purpose.

Where this becomes a legal issue, is when the "skins" you win can be converted to cash. As the Gambling Commission stated in its Young People and Gambling 2017 Report, "Where gambling facilities are offered to British consumers, including with the use of in-game items that can be converted into cash or traded (for items of value), a gambling licence is required."

In particular, this means that these sites must not be accessible or advertised to children. "Tackling operators making gambling facilities available to children is one of the Gambling Commission's priorities. This has been demonstrated by action taken against unlicensed websites providing facilities for gambling using in-game items as methods for payment." Along with the Gambling Commission, the games industry strongly opposes "skin" betting sites as they infringe the legal agreements that underpin games. Games companies work with law enforcement agencies to clamp down on these sites.

VALUING IN-APP PURCHASES

Understanding how modern games make money enables you to guide your family to find the best value in the games they play. Whether it's taking advantage of the many free to play games now available, making informed decisions about in-app purchases or spending weekend pocket money after a hard week at school, this way of paying for games can work.

Meet our expert

Andy Robertson is a parent of three children and journalist who writes for national newspapers and broadcast television. His Taming Gaming book helps parents guide children to healthy play.

