

Problem gambling in your workplace: is this a risk you can ignore?

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- In March 2013 Pathological gambling was reclassified as a behavioural addiction, thus changing an organisation's duty of care. There is now a legal and regulatory obligation to be aware of this issue and it is a CEO's responsibility to safeguard against this mental health condition.
- Gambling is the fastest growing addiction in the UK, with 450,000 problem gamblers, with a further 3,000,000 at risk of becoming so. It is claimed for every problem gambler at least ten other people are affected from family to friends to work colleagues.
- Problem gambling has the highest suicide, relapse, bankruptcy, co-morbidity and relationship breakdown rates of any addiction but not currently tackled as a risk issue.
- Gambling is the fastest growing reason for custodial sentences, with an upward trend witnessed across financial services.
- Despite several high profile cases, most firms have not taken steps to identify and manage the risks of employee problem gambling in the workplace. Problem gambling increases reputational and financial risk related to fraud.
- Employers have a duty of care to their employees, to ensure they work in a safe environment. Does your firm have a block on gambling websites? Are their unsupervised computers in break-out areas? Ever considered that the gambling site your colleague seems to visit so frequently is actually harmful to your colleague and maybe your firm?
- Firms should consider including gambling related risks on their risk register.

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CII Introduction: the financial services sector is in the business of risk and many parts of it are focused on risk taking, or at least risk assessment. It is not a big jump to the belief that some individuals, in fields such as currency or derivatives trading, are temperamentally and behaviourally drawn to the adrenalin of risk and gambling. What is less known is the extent to which we, as a sector, attract people who find it difficult leave such behavioural characteristic outside the office - or at least until now. This Thinkpiece from EPIC looks at the growing awareness of and need for firms to address the dangers of addictive gambling as part of a firm's duty of care.

Crisis, what crisis?

Benjamin Franklin once said there were only two things certain in life: death and taxes.

If you work in the insurance or financial services industry, maybe there is another we should add. Problematic gambling will be having an adverse effect on your organisation's performance, and on the productivity and wellbeing of some of your employees or colleagues.

Is it a ticking time bomb, or nothing we need worry about?

In an industry where risks are taken all the time, why should it really matter if a few people spend a bit too much of their time or money on a harmless bit of fun? Perhaps the answer is that for some, it is not their own time or money they are spending.

Gambling addiction

In March 2013, Pathological gambling was reclassified from a compulsion (like OCD or kleptomania) to a fully-fledged behavioural addiction with mental health considerations (akin to heroin misuse)¹. This completely changes an organisation's duty of care and a director's fiduciary responsibility. It also means that the high profile cases where employees have stolen huge sums of money from their employer and caused irreparable reputational damage, is just the tip of the

¹ *Diagnostic and Statistical Manual of Mental Disorders*, Fifth Edition (DSM-5). American Psychiatric Association (2013)

iceberg. This addiction has the capability to destroy people's lives and, in the financial services sector, the potential to damage that all important brand. Despite this, gambling addiction is poorly understood and often dismissed as a life style choice for the financially careless. That could not be further from the truth.

In 2015, gambling is the fastest growing addiction, both in the UK and across the globe. The latest prevalence survey suggested that there are 450,000 problem gamblers in the UK, with anything up to a further 3,000,000 at risk of becoming problem gamblers. The addiction crosses the gender divide and touches all ages and social groups.

With it comes the highest suicide, bankruptcy, relationship breakdown and relapse rates of any addiction. It is also the fastest growing reason that people are now going to prison, many of these after committing white collar crimes in high risk industries such as financial services, the armed forces, professional sport and commission based sales positions.

While gambling seems to be an enjoyable pastime for many people, problem gambling is easy to hide. However hiding a habit – particularly one that affects your mood, your attendance at work, and your bank balance – means it soon becomes a problem.

Very often a pathological gambler will only come forward or be discovered when they hit rock bottom. In some cases this is often too late to save a career, a family, an organisation's reputation, or even a life.

Case studies

But is this really a problem? The Kweku Adoboli case of 2012 highlights the dangers if left unchecked. The former UBS banker lost \$2.3bn in rogue trades. The CEO left his job, the two heads of global equities left their jobs, the FCA fined UBS \$47.6m for failing to '*take reasonable care to organise and control its affairs responsibly and effectively with adequate risk management systems.*' Adoboli is still serving a seven year prison sentence, his career in tatters and dozens of family, friends and colleagues directly affected.

Last year a 23 year old bank cashier in Northern Ireland with a gambling habit was putting the money in the safe at the end of a normal day. He made the decision to take two bundles of money home with him that night (£2,000). In his mind he would win back the money he had lost during the week and then have the money back in the safe on Monday morning before anyone noticed. He lost the money on a series of failed bets. On Monday, no-one noticed. At the end of the day he took a further five bundles of notes with the same plan. Once again, he lost the money and no one noticed. This happened for 12 consecutive working days until £35,000 had been stolen and lost. On the thirteenth day the cashier did not turn up for work. He had taken his own life rather than face the consequences.

That was one of 117 reported criminal acts involving the financial service industry last year, the fourth year in a row where gambling related criminality has increased sharply. The average theft was £45,645. How many more remain hidden, undetected or unreported with the problem becoming worse for both employee and employer – and the financial services industry as a whole?

Firm responsibility

Because there is a stigma attached to problem gambling, organisations don't always manage the risks of employee gambling as well as they manage other financial or reputational risk. There is a reluctance to recognise the risk and if there is a problem, it is assumed it can be dealt with quietly. However, it may not always be possible to clear up the mess, particularly where a crime has been committed at work.

There are three issues to consider:

- Employee problem gambling can damage profitability; either
 - directly through employee fraud; or
 - indirectly through the reduced productivity of an employee.

- Employee problem gambling can seriously harm brand and reputation, particularly where clients are involved.²
- Employers have a duty of care to all their employees.

The Collins English Dictionary defines duty of care as:

“the legal or moral obligation to safeguard others from harm while they are in your care, using your services, or exposed to your activities”

Organisations in the financial services industry have a duty of care to their employees, whilst safeguarding the interests of all their stakeholders. These are the same duties of any organisation, except that studies have found that professional sports people and those who work in financial services may be at greater risk than other employee groups. Higher wages, competitive personalities, peaks and troughs in work patterns are all risk indicators. Peer pressure and suffering from stress induced mental health conditions such as depression or clinical stress don't help either. Any one of these can be a trigger to turn an at risk problem gambler into a gambling addict, a mix of these expedites the process.

Martin Wheatley, Chief Executive of the Financial Conduct Authority confirmed, in 2014, that *‘considerable strides are being made to rebuild public trust and improve the culture and ethics of the sector by individual firms’*. The regulator also urged that members are proactive in their risk management rather than reacting to one crisis after the other.

Perhaps the time has come to acknowledge this emerging risk, because until it is really accepted that it is an occupational issue as well as a social and health issue, it will not be possible to identify, prevent and treat it, at least that is, before it is too late.

If you have any questions or comments about this Thinkpiece, please contact us: thinkpiece@cii.co.uk; +44 (0)20 7417 4783.

² AON's recent study into global risks facing insurers ranks reputational risk as the highest concern. For a summary, see "Reputational damage tops the list of biggest global risk," *Insurance Times*, 27 Apr 2015. www.insurancetimes.co.uk/reputational-damage-tops-the-list-of-biggest-global-risks/1413671.article



Paul Buck BA (Hons), SAC.advDip is the Founder and Managing Director of EPIC Problem Gambling Consultancy. Paul suffered a decade long pathological gambling disorder in which he transacted £4.8m across 93 separate gambling accounts whilst excelling in financial advising and Regional Manager roles with Europe's largest bank. The disorder cost him his career, and had many other devastating consequences including very nearly his life. Prior to his career in financial services, Paul worked in retail and specialised in customer service. He was responsible for the introduction of customer refund and return procedures being placed on customer receipts – a practice now used around the world – and became a Founder member of the British Institute of Retailing in 1999.



Justyn Larcombe BEd (Hons), ACII is one of the leading experts on problem gambling in the UK. After leaving the Army he enjoyed an eleven year career in the City of London as a Lloyd's insurance broker, including time with global broker Marsh and a high profile management role at Willis Ltd. Justyn has been instrumental in developing education and learning platforms at the Chartered Insurance Institute where he specialises in Corporate Risk Management. Justyn is a motivational speaker, author and media commentator and regularly advises the medical profession and government on gambling related issues. Justyn is a Senior Associate with EPIC whilst maintaining his consultancy work with the CII.

EPIC is the leading problem gambling consultancy in the UK and Ireland specialising in reducing organisational risk and fulfilment of duty of care to all stakeholders, including Directors' fiduciary responsibilities. EPIC currently works in high risk sectors such as financial services and professional sport in addition to FTSE 100, 250 and 350 organisations. An initial risk assessment is followed by a detailed report of recommendations and interventions working across primarily risk and compliance but also HR departments. EPIC are also the only registered tier 2/3 provider in the Ministry of Justice Transforming Rehabilitation programme ensuring that reoffending is reduced in the area of problem gambling. For more information, see www.epicpgc.com

CPD Reflective Questions



Reading this Thinkpiece can count towards Structured CPD under the CII CPD Scheme, if you consider any of the Learning Objectives below to be relevant to your professional development needs. The Reflective Questions are designed to help you consider the issues raised in the article. Please note that the answers to these questions are not required for CPD records purposes.

Learning Outcomes

Having read this Thinkpiece, readers will be able to:

- Better understand the issue of problem gambling as primarily a risk issue but also a human issue; and
 - Be in a stronger position to evaluate how aware and pro-active your organisation is of problem gambling and how to tackle it.
1. Mr Buck suggests that not one of the organisations he has worked with has had adequate risk management or a fit for purpose gambling at work policy. Has yours? How do you know?
 2. If financial services is a high risk industry for problematic gambling behaviour then how can this risk be reduced with effective management at senior, middle and junior level?
 3. 20% of all referrals to the National Problem Gambling Clinic come from financial services, and statistically one in six of high-risk sector employees gamble more than they can realistically afford. Based on these assumptions, how big a risk is your organisation currently sitting on?