A commentary on Deal Me Out's Black Market Evaluation Report

A report for the Campaign for Fairer Gambling by Howard Reed (Director, Landman Economics)

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Introduction

The Campaign for Fairer Gambling has commissioned Landman Economics to produce a commentary on Deal Me Out's report *Black Market Evaluation* on black market gambling in the UK (Deal Me Out 2025, hereafter referred to as the "Deal Me Out report"). As explained in the report, Deal Me Out is "a lived-experience Research, Education and Treatment organisation that delivers preventative measures to reduce gambling harm in the United Kingdom". The Deal Me Out report states that "the gambling Black Market presents a vast and growing threat to gambling consumers, vulnerable people, the regulated industry and the UK economy". The report also states that "gambling regulation is extremely difficult to execute effectively. When consumer experience and trust are compromised, migration into unregulated markets will inevitably follow. To protect UK consumers, regulators and the industry must implement sensible policies while balancing the prevention of black market growth. Slot regulation introduced by the UKGC in 2021 has unquestionably contributed to migration into the black market, and further regulation via the Gambling Act review could solidify the Black Market as a permanent fixture if not implemented with care" (Deal Me Out 2025, p5).

This commentary argues that the analysis in the Deal Me Out report is highly flawed. I focus on five particular issues with the report. Section 1 highlights the small and unrepresentative samples used in the analyses in the report. Section 2 argues that Deal Me Out exaggerates the size and extent of black market gambling in the UK. Section 3 suggests that Deal Me Out's characterisation of the black market is simplistic and inaccurate. Section 4 alleges that Deal Me Out is intrinsically opposed to regulation of the gambling sector. Finally, Section 5 points out potential conflicts of interest with Social Intent – the consultancy who performed the empirical analysis for Deal Me Out – and the gambling sector. Section 6 offers brief conclusions.

Note that all page numbers referenced in this report refer to the Deal Me Out report unless specifically indicated otherwise.

1 Small and unrepresentative samples

The Deal Me Out report uses a "lived experience" panel (analysed on pp14-24 of the Deal Me Out report), a "general consumer" panel (analysed on pp25-37) and an "influencer and affiliate" panel (analysed on pp38-47) to illustrate various aspects of the black market. The sample sizes of the lived experience panel and the general consumer panel are both only 100 individuals, which is not a large enough sample size for valid statistical inference if the panel is being analysed by subcategory (for example, the size of gambling spend). Despite this, the panel samples are analysed as if they are a larger, statistically valid sample, using a lot of detailed graphs (for

example, the breakdown of deposit amounts on p17 and the age breakdown on p22 for the lived experience panel and the breakdown of spending on p29 and the breakdown of types of black market gambling on p30 for the general consumer panel).There is also a survey of population understanding of legitimate and black market gambling (analysed on pp59-64), which has only 184 respondents – again, a small size for reliable statistical analysis.

The panel of influencers and affiliates is even smaller, at only 10 respondents. A panel of this size is next to useless for statistical analysis, but despite this, the report features graphical breakdowns of responses even for this group (e.g. reported expenditure on black market websites on p43).

The only part of the analysis which uses a reasonably sized panel is the children and young people's survey which is based on data collected in educational workshops in schools. This survey has a sample size of 1,254. However, this is not nationally representative data but is instead based on "a programme of bespoke workshops delivered to children in secondary school settings, aimed at better informing and young people of the dangers of unregulated gambling, and what unregulated gambling is" (p55). As the Deal Me Out report notes, two of the schools which were visited for workshops are located in seaside towns with numerous arcades. Therefore, it is not clear that the findings from the young people's survey in the report can be extrapolated to a national scale.

For the most part, the Deal Me Out report appears to be a small-scale qualitative study masquerading as a piece of robust quantitative research in an attempt to give more credibility to the findings.

2   Comparison with previous work on the size and extent of the black market

Other recent research on the gambling black market suggests that it is a relatively small proportion of total gambling spend. For example:

- Research published last year by Frontier Economics (2024) suggests that the black market accounted for around 2% of overall gambling spend in 2023.

- Yield Sec (2024) estimates that the black market for online gambling comprised 5% of the online gambling market in the first half of 2024.

The Deal Me Out report does not attempt to estimate the overall size or extent of the black market for online gambling, but the report gives the impression of a huge increase in the extent of black market gambling without backing this up with any good quantitative evidence. For example, on p4 the report claims that "consumers are migrating to the Black Market, particularly global blockchain operators, at alarming rates" but no statistical evidence is offered to support this claim. The only statistic about the size of the black market offered in the report is the claim on p67

that "up to 420,000 children may be engaged in black market gambling, particularly through blockchain-based platforms". It is not clear how this statistic is estimated, however, as the report does not include any explanation of the method used to gross up from the findings of the young people's survey in the report to a national level.

3   Failure to describe the black market accurately

The Deal Me Out report is vague about the structure of the black market. As explained in previous work by Clean Up Gambling (for example Reed, 2024) the black market comprises two types of operator:

- **Unregulated** operators (who operate without any official regulatory insight, either in Great Britain or overseas), and

- **Operators regulated in other jurisdictions** outside Great Britain.

The Deal Me Out analysis seems to be solely concerned with unregulated operators and fails to mention operators regulated outside Great Britain.

The gambling market also includes **affiliates**, who are online marketers (such as influencers on social media) who drive traffic to gambling companies by advertising and promoting them. Some affiliates promote black market operators in addition to (or instead of) operators regulated in Great Britain. The Deal Me Out report does discuss affiliates to some extent (indeed, some of them are interviewed in the influencer panel) but does not make the link between *lack of* regulation and affiliate activity. UK-based gambling companies are legally responsible for the conduct of their affiliates, but so far no UK company has faced any enforcement action from the Gambling Commission regarding illegal behaviour by affiliates.

4   Anti-regulation stance

The main message running through the Deal Me Out report seems to be that regulation of the legal online gambling market is intrinsically bad, because it will push people towards the black market. For example, the executive summary of the report (p5) states that:

"Gambling regulation is extremely difficult to execute effectively. When consumer experience and trust are compromised, migration into unregulated markets will definitely follow. To protect UK consumers, regulators and the industry must implement sensible policies while balancing the prevention of black market growth. Slot regulation introduced by the UKGC in 2021 has unquestionably contributed to migration into the Black Market, and further regulation via the Gambling Act review could solidify the Black Market as a permanent fixture if not implemented with care."

The report authors claim not to be against gambling regulation *per se*, but fail to identify any examples of the types of regulation they are in favour of in the whole report. It is not clear what would constitute "sensible regulation" according to Deal Me Out. If regulation of legal online gambling is loosened it makes it look more like the black market. At the extreme, we could have a completely unregulated legal market but this would mean that the legal market became indistinguishable from the black market, which would be completely counterproductive.

5   Conflicts of interest

The empirical work for the Deal Me Out report was conducted by Social Intent, a "niche consultancy specialist in bringing together the corporate and charitable sectors"[1]. Social Intent lists its previous clients on its website (see https://www.social-intent.com/#clients). Two of the clients listed are Flutter (one of the leading gambling companies in the UK) and the Betting and Gaming Council (BGC) – the trade body for the gambling industry. This is an obvious conflict of interest, but it is not mentioned anywhere in the report.

6   Conclusion

Deal Me Out's *Black Market Evaluation Report* is a weak and misleading analysis in several respects. The sample sizes of the lived experience, general consumer and affiliate panels are not large enough to justify the conclusions that Deal Me Out reaches regarding the threat posed by black market gambling. The report's assertion that there has been a huge increase in the size of the black market is not backed up by robust evidence and is inconsistent with other recent research on the black market based on better data. The report's characterisation of the black market is simplistic, ignoring the role of lack of regulation of affiliates – rather than over-regulation – in pushing gamblers towards the black market. Deal Me Out appears to be using concerns about the black market to push an anti-regulation agenda for the gambling industry. Finally, Social Intent, who conducted the empirical work for Deal Me Out, face conflicts of interest because they have recent clients from the gambling sector.

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[1] Quote from website https://www.social-intent.com/

References

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