



# **BGC Code of Conduct: High Value Customer VIP Reward Programmes**

## **PURPOSE AND OBJECTIVES**

**The purpose of the Gambling Industry's Code of Conduct for High Value Customer VIP Reward Programms ('the Code') is to clearly state how gambling operators will manage High Value Customer VIP Reward Programmes, formerly known as VIP schemes. This Code sets out the key principles and commitments that will be adhered to when managing such programmes and provides supporting guidance that assists gambling operators to demonstrate they are capable of managing VIP Reward Programmes responsibly.**

## **KEY PRINCIPLES**

We recognise that customers who spend a large amount of time and/or money gambling present a heightened risk of gambling related harm and, as such, each operator should develop policies and procedures to address this risk before incentivising those customers.

The following three key principles must form the core focus of those policies and procedures to support the purpose and objectives of this Code:

- 1.** Any customer that is considered for a VIP Reward Programme must first pass rigorous and robust checks in relation to safer gambling, enhanced Know Your Customer (KYC) and sustainability of spend. Customers should also be subject to ongoing monitoring in respect of these points throughout the life cycle of their time spent gambling with an operator.
- 2.** Reward programmes must have clear lines of senior management oversight, responsibility and accountability.
- 3.** Reward programmes must be conducted with consistent, clear and transparent good practice to prevent any potential gambling related harm.

This Code addresses the risks associated with VIP reward programmes specifically. General customer incentives, reward schemes or discretionary comps must also continue to be operated responsibly and in accordance with the licence conditions and codes of practice.

## **OPERATOR KEY COMMITMENTS**

**The following key commitments are how operators will uphold the purpose and objectives of this Code:**

- High Value Customer VIP Reward Programmes will have appropriate oversight at Executive Committee / Board level and a named individual on the Executive Committee / Board will be accountable for their governance and compliance. That individual must have a Personal Management Licence (PML) issued by the Gambling Commission.
- Entry to High Value Customer Reward VIP Programmes for anyone under the age of 25 requires Personal Management Licence holder approval and additional controls and monitoring must be put in place to mitigate the additional risks associated with this age group.
- Customers who have not passed a High Value Customer VIP Reward Programme Assessment will not be permitted entry into the Programme nor receive individualised incentives, bonuses, hospitality or benefits unless won as part of a promotion targeted to a high proportion of the customer base or awarded as part of general loyalty reward schemes.
- All bonuses / incentives awarded as part of a High Value Customer VIP Reward Programme must be proportionate, in line with the customer's normalised spending patterns and must not encourage increased loss.
- Each Operator is expected to develop their own High Value Customer VIP Reward Programme Policy and Procedures and monitor the effectiveness of them. Approaches must be in line with the requirements of this Code and as part of a risk assessment framework.
- Customers must be subject to regular ongoing monitoring checks and reviewed against the High Value Customer VIP Reward Programme Assessment criteria.
- Commercial pressures should never override welfare considerations in respect of a customer's gambling activity.

## **HIGH VALUE CUSTOMER VIP REWARD PROGRAMME ASSESSMENT**

In order to become included in a High Value Customer VIP Reward Programme a customer must first pass a number of checks and these same checks must be performed on a regular, ongoing basis.

As a minimum these will include the following four key requirements, but should be reviewed over time as technology and understanding improves:

- 1.** They must have passed a check to ensure their spend is sustainable;
- 2.** They must have passed a safer gambling check, taking into account identified at-risk groups or demographics, to ensure that they do not show signs of problem gambling;
- 3.** There should be no negative information, available to the operator, on the customer which would make their inclusion inappropriate.
- 4.** They must have passed an enhanced KYC check to be sure the operator has verified the customer's identity, knows their occupation or profession and has established where their income is generated from.

**This is not to replace the Anti-Money Laundering (AML) positive Source of Funds check but rather allow the company to have an understanding of the customer's financial standing.**

Once a customer joins a High Value Customer VIP Reward Programme, they may receive the following additional benefits:

- 1.** Invitation to hospitality, events, dinners or other enhanced services
- 2.** Named dedicated account manager
- 3.** Individualised bonuses / benefits / gifts

The review of High Value Customer VIP Reward Programme customers should be ongoing and triggered in particular where a customer's gambling activity increases. Should they fail to pass any of the Programme's assessment criteria they must immediately stop receiving rewards and be removed from the Programme. The operator should also consider whether further restrictions on spend/play is required or, where necessary, should the customer relationship be terminated.



## **GUIDANCE ON HOW TO IMPLEMENT AND COMPLY WITH THE CODE**

### **DO's**

- Operators should have clear policies and procedures outlining how individual operators meet the requirements of the Code and assure themselves that the operation and governance of High Value Customer VIP Reward Programmes are effective. This should include authority levels for approval of rewards and at what level direct PML approval is required.
- In addition to the four key requirements of the High Value Customer VIP Reward Programme Assessment, customer checks may also include a review of open source and social profile information for additional assurances of profession/occupation and ensure that no adverse media is identified that raises concern over their suitability to be part of a programme.
- Customer requests to opt out of a High Value Customer VIP Reward Programme should be recorded and actioned promptly.
- Customer reviews should be regularly updated. Operators must be alert and take action against any 'red flag' indicators from both a safer gambling and AML perspective. This action should include the termination of any further benefits until assurance is obtained that the customer is gambling safely and within their means.
- Any review conducted on a customer's gambling activity should include monitoring of all accounts/gambling activity the customer has with an operator and decisions made are based on observed behaviour and transactions across all information available.
- In addition to the standard assessment checks, any customer being considered for an operator's High Value Customer VIP Reward Programme who has previously self-excluded, must have approval of a Personal Management Licence Holder before they can become a member of the operator's High Value Customer VIP Reward Programme. Should they be permitted to become a member of the programme mandatory deposit / spend limits should be set.
- A full audit trail should be maintained covering the operator's management of individual High Value Customer VIP Reward Programme customers. This should include a record of decisions made and all customer contacts irrespective of channel, with details kept in line with the operator's data retention policy.
- Customer contact should be conducted in a professional and transparent manner and, where possible, colleagues that look after specific customers in High Value Customer VIP Reward Programmes should be rotated to ensure objectivity in decision making is maintained.
- Customers should receive enhanced communication in respect of available safer gambling tools and responsible gambling information prior to entry into a High Value Customer VIP Reward Programme and regularly throughout their life cycle with an operator and as part of ongoing monitoring.
- Operators should ensure that affiliates comply with this Code and contractual provisions are in place to terminate agreements should wilful and/or repetitive breach of the Code by them occur.
- Teams that operate High Value Customer VIP Reward Programmes must have enhanced training in respect of safer gambling and AML. This training should be formally recorded and refreshed regularly, and they should be appraised on their safer gambling actions.
- Teams that operate High Value Customer Reward programmes should not receive remuneration or bonuses that are based on an individual customer's loss and/or spend.
- Job Descriptions for team members that operate High Value Customer VIP Reward Programmes must clearly highlight that they have a responsibility for ensuring that customers gamble safely.



## DONT's

High Value Customer VIP Reward Programmes should not be presented in a way that tiered rewards are advertised or promoted as aspirational and therefore a motivation to spend more merely to reach the next level of benefits or to continue to spend at a high level in order to prevent losing those benefits.

### **Incentives awarded as part of High Value Customer VIP Reward Programmes should not:**

- Be awarded following a period where the customer has chased losses and exhausted their balance or,
  - Encourage excessive time spent gambling or,
  - Encourage turnover or financial loss that would be deemed excessive or above what would be considered sustainable given the information that the operator has recorded against the customer.
  - Any customer that is part of a High Value Customer VIP Reward Programme should not be exempt or treated any differently in respect of the operator's AML policy/procedures, including Enhanced Due Diligence (EDD) requirements, Source of Funds checks and ongoing reviews.
  - Any customer that is part of a High Value Customer VIP Reward Programme should not be exempt or treated any differently in respect of the operator's responsible/safer gambling policy/procedures and any rewards should not be provided as a direct consequence of a contact regarding responsible/safer gambling matters.
- Operators must not provide bespoke rewards when made aware by the customer that they are in a period of vulnerability e.g. people who may not be able to make informed or balanced decisions about gambling and should only re-engage activity following the completion of a focused and recorded safer gambling review/interaction.
  - Staff must not engage in any conduct with customers that may adversely impact the integrity of the client/business relationship, indicate that the relationship has evolved beyond the professional level and become one of friendship, confidant or seen as fraternization which might risk collusion or coercion.

### **COMPLIANCE WITH THE CODE**

This Code will be applied to new customers from the date of implementation and be retrospectively applied to existing customers as soon as reasonably practicable and in any case within the next six months to allow a smooth transition for existing customers.

It is envisaged that the Gambling Commission will support compliance with the Code by all licensed operators either by amending LCCP or issuing regulatory guidance by the end of 2020.