



CONSUMER PULSE

US Betting Report

Heightened media and regulatory scrutiny on the horizon for operators

Q3 2024

Gaming in the US market has experienced explosive growth in the last six years since the repeal of PASPA. Wide state adoption of online sports betting has generated significant tax revenue benefits for applicable states – as well as wider economic benefits through job creation – as operators convert consumers from unregulated to regulated products.

Increased market maturity, and moreover the aforementioned widespread state adoption has attracted attention from the wider media, focusing on subsequent, perceived **social drawbacks**. This isn't a unique story: Other gaming markets like the **UK** and Australia have experienced similar cycles – leading to increased regulatory requirements around responsible gaming.

Similar developments are taking place in the US market as state regulators evaluate how best to improve consumer protections while striking the difficult balance between state tax revenues and the risk of pushing consumers to unregulated and offshore providers.

For operators, these developments will likely lead to increased requirements around evaluating responsible gaming risks. To do this, additional data sources that provide insights into consumer financial health will need to be considered to ensure proactive identification.

The question is – is there a cause for concern from regulators and if so, what are the best signals and data points to utilize to proactively identify player risk? As part of this report, we delved deeper into consumers spending higher sums every month to identify when operators and regulators should be concerned by what could be perceived as unsustainable levels of spending.

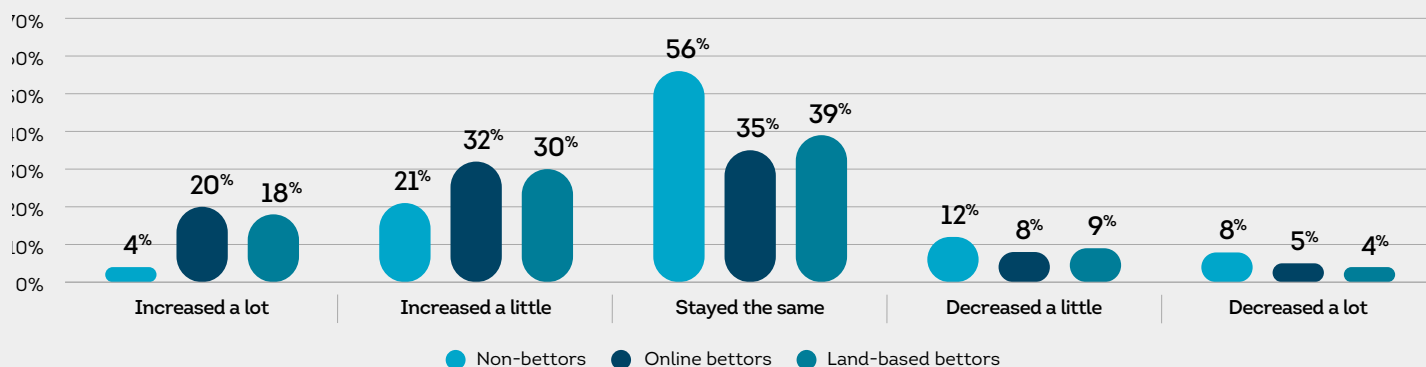
BETTORS CONTINUE TO RIDE THE STRONG ECONOMY

Consumers continued to power the US economy in the first half of the year. Waning inflation and a hot job market have resulted in real income gains and increased consumer liquidity. Bettors continue to report increased incomes, and as such, many have used that excess liquidity across a variety of different products.

Bettors were much more likely than non-bettors to have experienced a moderate or large increase in income in the past three months. Twenty percent of online bettors and 18% of land-based bettors said their incomes had increased a lot compared to only 4% of non-bettors. What's more, both online and land-based bettors were twice as likely as non-bettors to agree or strongly agree with the statement their income is keeping up with the rate of inflation.

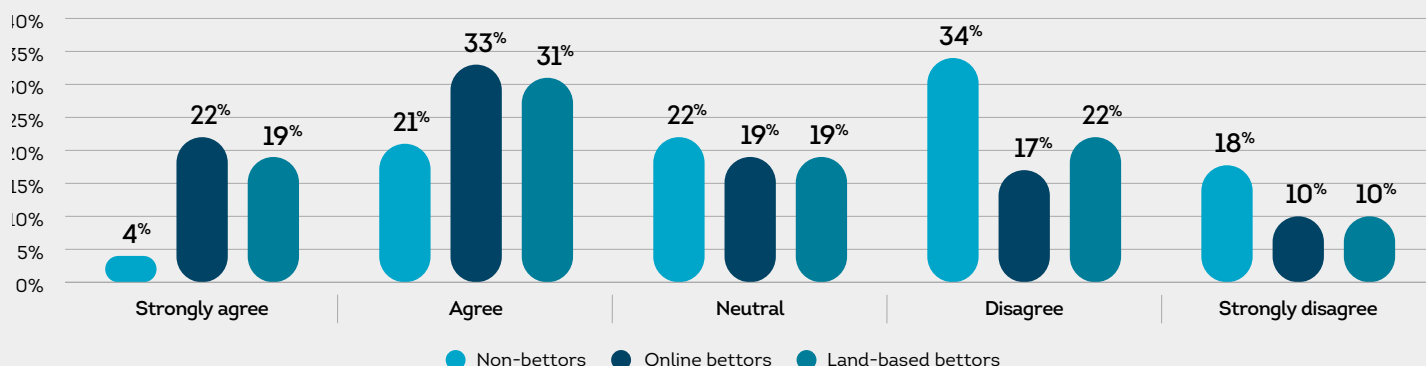
While economic gains have been fairly broad based, those who are experiencing above average financial gain are much more likely to bet via online platforms or at land-based venues. As long as the job market continues to support consumer spending, the future is looking bright for gaming operators.

How has your income changed in the last three months?



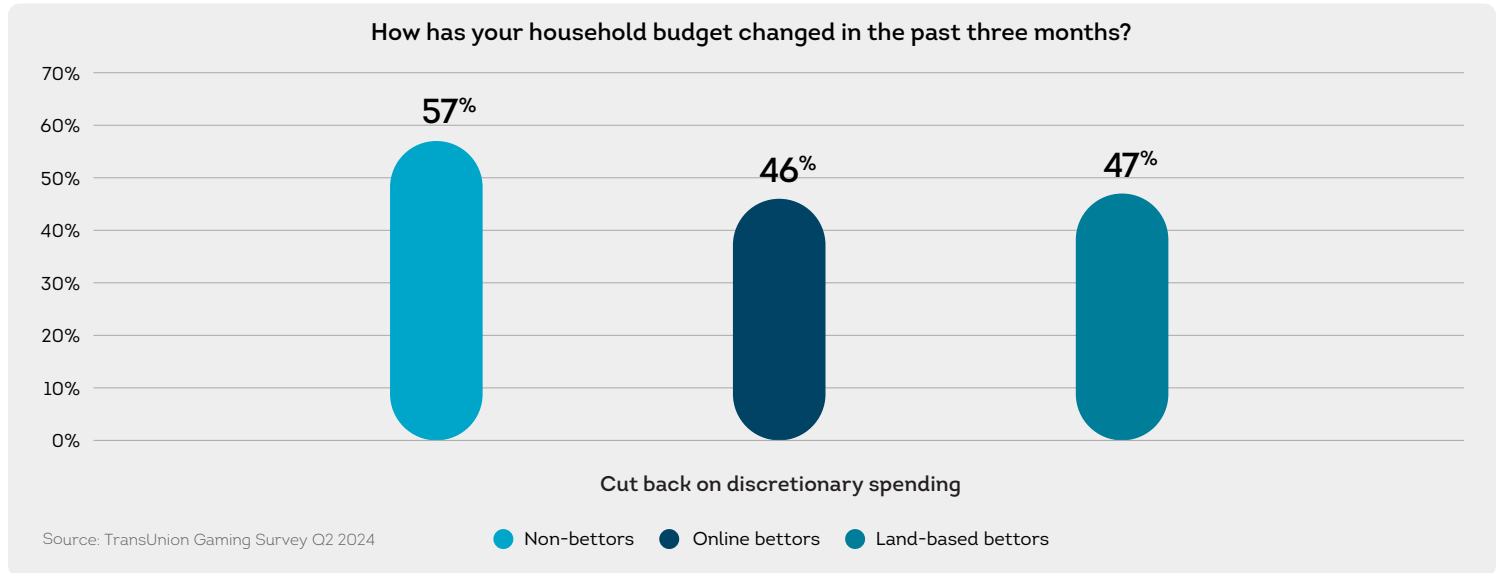
Source: TransUnion Gaming Survey Q2 2024 | Totals may not add to 100% due to rounding

To what extent do you agree that your household income is keeping up with the rate of inflation?

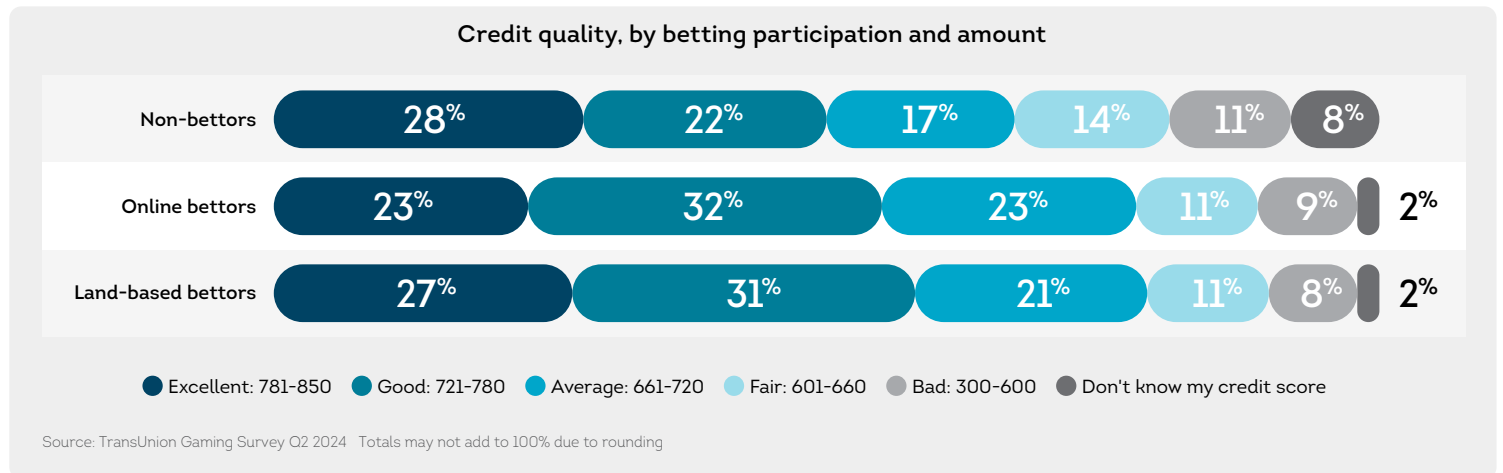


Source: TransUnion Gaming Survey Q2 2024 | Totals may not add to 100% due to rounding

Given the strong income dynamics among bettors, it's no surprise they're making fewer cuts to their household budgets relative to non-bettors. That said, it's not a completely rosy picture for the player population: 46% of online bettors and 47% of land-based bettors said they're making cuts to their discretionary spend, lower than the 57% of non-bettors but certainly a non-trivial share of the population. Operators should be aware of changes in player spending as they may eventually trickle down to players' betting budgets as well.



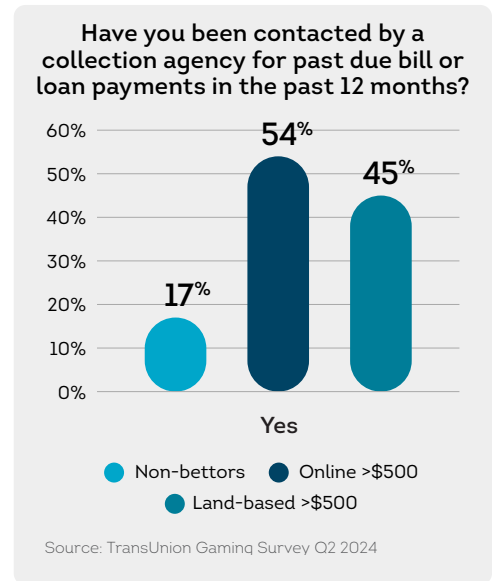
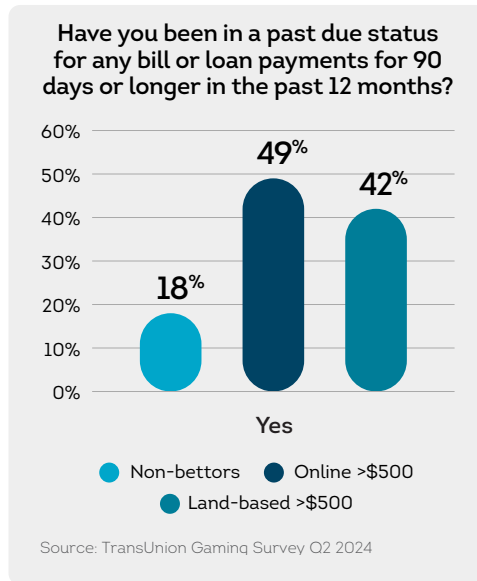
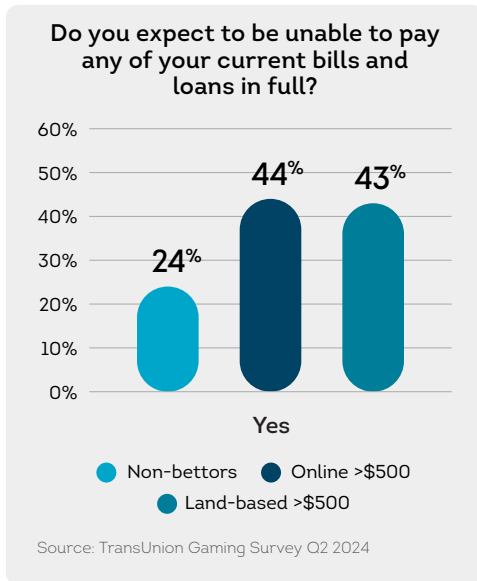
Both online and land-based bettors were generally of higher credit quality compared to non-bettors. While a slightly higher percentage of non-bettors came from the highest credit tier, 79% of both land-based and online bettors had average, good or excellent credit versus 67% of non-bettors. As with income, bettors have outperformed non-bettors in terms of credit quality over the last two years, a trend that will be welcome news to operators as they navigate increased scrutiny from regulators and ensure players are engaged in responsible betting on their platforms.



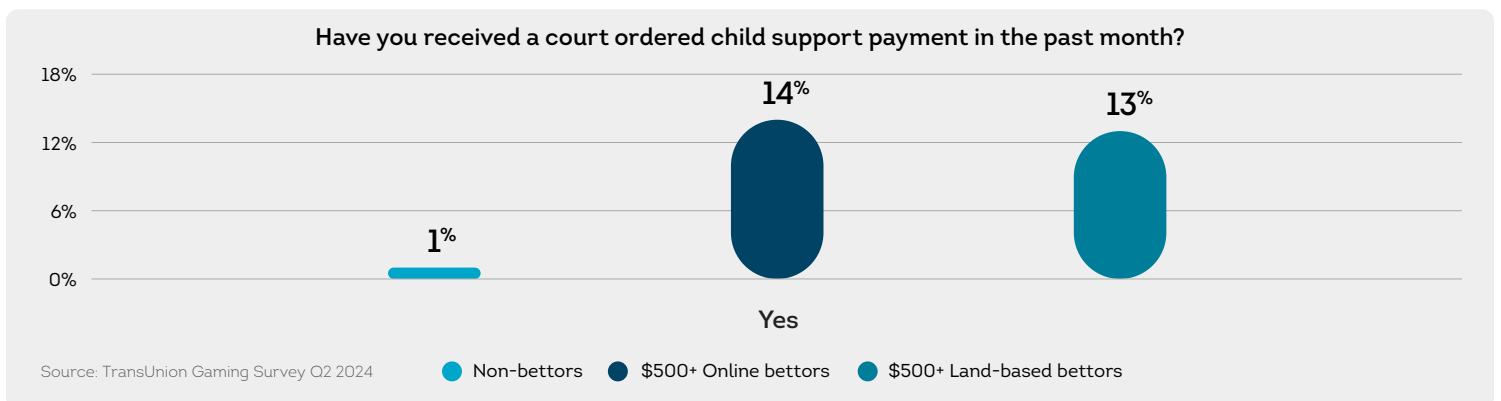
Higher spending players are more financially resilient, but are more likely to manage their finances poorly

When looking at income changes, it's important to consider the starting point. While most bettors experienced a positive gain in income, the change could have very well occurred due to being recently unemployed or because of some other hardship. In our last [report](#), we noted bettors (especially those who wager higher amounts) were much more likely than non-bettors to be in a period of financial transition – either leaving a job voluntarily, being laid off or starting a new business. As such, the volatility among bettors can manifest in poorer financial management relative to the non-betting population.

Forty-four percent of \$500+ per month online bettors said they wouldn't be able to meet all their financial obligations in full, while 49% reported being 90 days or more past due, and another 54% said they'd been contacted by a collections agent within the past year. The numbers are similar for land-based \$500+ per month bettors as well. Given the increased likelihood bettors are in a period of financial transition, it's important for operators to understand whether the higher propensity to be behind on bills is temporary or a result of greater financial distress. Differentiating between the two is crucial for deploying the appropriate strategy for mitigating potentially problematic play.

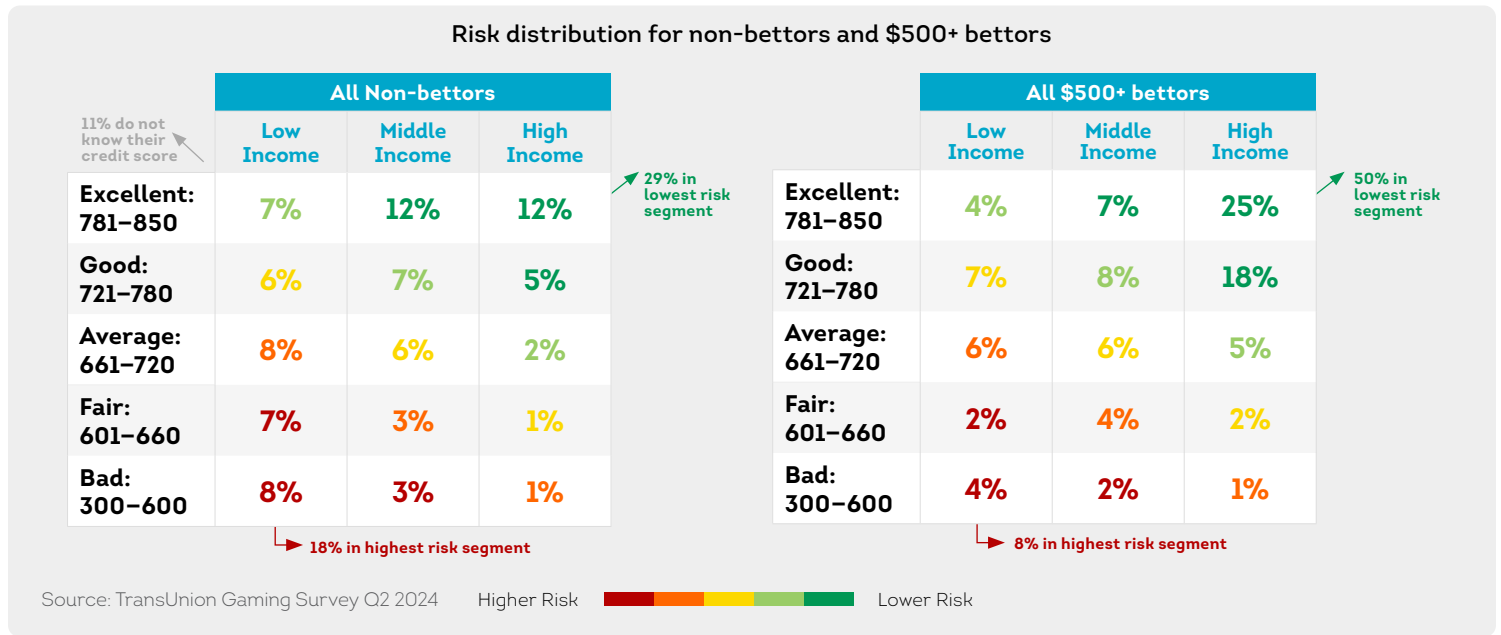


Though a small percentage of the overall betting population, bettors who wager the most were also much more likely to have received a court-ordered child support payment in the past month. Only 1% of the non-betting population received such a court order compared with 13% of land-based and 14% of online \$500+ per month bettors. This is a trend well worth watching for operators as these players may have their wages garnished, resulting in potentially problematic wagering.



Despite the higher levels of volatility when it comes to managing financial obligations, bettors who wager more than \$500 per month are much more likely to be represented in lower-risk segments compared to non-bettors. Indeed, when considering their incomes and credit profiles, fully half of the \$500 per month bettors are in the lowest risk segment – those with good or excellent credit and high or middle income – compared to 29% of non-bettors. While it’s true those who are most actively engaged in betting activities tend to have excess liquidity to spend, they’re also more likely than non-bettors to be in a period of financial transition. Understanding the risk profiles of players at sign up is important; however, monitoring changes and looking for signs of financial distress over time is critical for operators to ensure compliance with responsible gaming frameworks.

Risk distribution for non-bettors and \$500+ bettors



KEY TAKEAWAYS

- US Gaming operators will likely face higher levels of regulatory scrutiny over implementation of robust setups to ensure responsible play – while identifying and mitigating problematic betting.
- Bettors, especially those who wager more than \$500 per month in online or land-based channels, were in much better financial shape in terms of income and credit quality relative to non-bettors.
- That said, this cohort exhibited challenges with managing bills and may have other financial obligations, such as court ordered child support payments, that may impact their abilities to engage in responsible gaming.

Research Methodology

This online survey of 3,000 adults was conducted April 29–May 8, 2024 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in the United States were surveyed using an online research panel method across a combination of desktop, mobile and tablet devices. Survey questions were administered in English. All states are represented in the survey responses. To ensure general population sample representativeness across United States resident demographics, the survey included quotas to balance responses to the census statistics on the dimensions of age, gender, household income, race and region. Generations are defined in this research as follows: Gen Z, 18–26 years old; Millennials, 27–42 years old; Gen X, 43–58 years old; and Baby Boomers, age 59 and above. These research results are unweighted and statistically significant at a 95% confidence level within ± 1.8 percentage points based on calculated error margin. Please note some chart percentages may not add up to 100% due to rounding or multiple answers being accepted.

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