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The Extent of Gambling in Kampala City

Executive Statement

At a time when unemployment -particularly youth unemployment- is at its highest levels, there have been concerns that the youth have resorted to gambling as a source of livelihood. However, not so much empirical evidence existed to confirm these allegations regarding the level of participation and characteristics of gambling participants. This brief, based on a baseline survey conducted in Kampala city in April 2015, attempts to fill this vacuum by providing insights into the level of participation in the gambling industry. Survey findings show that gambling is prevalent at 24.3 percent among adults with sports betting as the most popular gambling activity. The majority of gambling participants gamble as a source of livelihood as opposed to leisure, and age, employment status and gender are major determinants in gambling participation. Finally, overall community reaction reflects a fairly negative perception on gambling.

Introduction

Since the year 2000, the gambling industry has seen a rapid increase in activities with various modes and facilities being introduced. Broadly, gambling may take different forms including lotteries, casinos and gaming and pool betting. As of June 2015, twenty three (23) promoters had licenses for sports betting and/or slot machines, one (1) promoter was licensed to conduct national lottery, while eight (8) promoters had licenses to operate casinos (MoFPED 2015)¹. The gambling related tax revenue has increased over the past decade from UGX 0.24 billion in 2002/3 to UGX 11.1 billion in 2013/14 (URA 2015). As the gambling industry continues to grow in popularity and prevalence, a well-founded comprehension of the gambling sector and its socio economic impact on the Ugandan economy and society is imperative. The major question answered in this brief is “What is the level of participation in the gambling industry”?

Key Findings

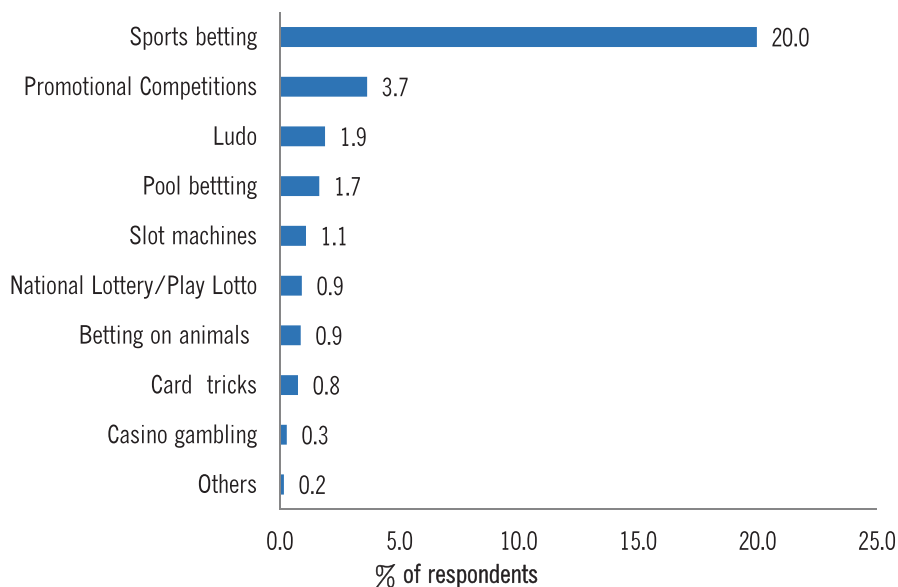
Gambling is prevalent: About one in every four adults



(24.3%) in Kampala had engaged in some form of gambling in the twelve months preceding the survey: The most popular gambling activity is sports betting with close to 20 percent of the respondents having betted on sports in the past twelve months preceding the survey. This can primarily be explained by easy accessibility resulting from the high proliferation of sports betting outlets and the growing interest and love for sports activities such as the premier and champion's leagues among others. Of the 75.7 percent that do not engage in gambling, a lack of interest stands out prominently as their reason for abstaining from gambling.

¹ National Lotteries Board Supplement in New Vision, June 2015

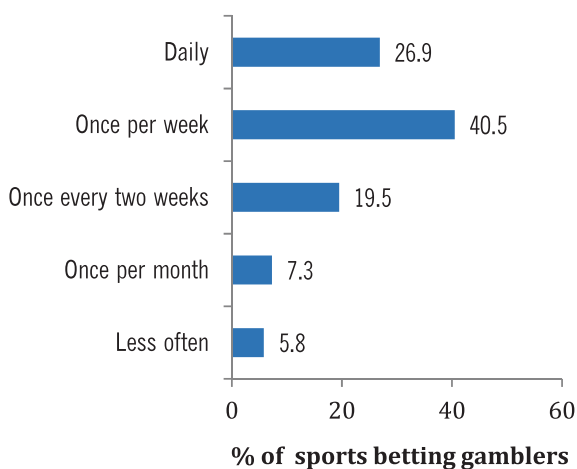
Figure 1: Participation in gambling activities by mode in the twelve months preceding the survey (%)



Source: Authors calculations from the Kampala Gambling Baseline Survey, 2015

One out of every four gamblers bet on sports daily: Detailed questions on frequency of gambling participation were asked only to relevant respondents participating in gambling activities. The findings indicate that gambling has become part and parcel of those engaged in it. About 27 percent of those who bet on sports do it on a daily basis. A higher proportion (40.5%) bet on sports at least once in a week. Further disaggregation of the data shows that the youth are likely to bet on sports on a daily basis compared to the older ‘betters’. This finding confirms the claim that Ugandan youth have embraced sports betting as a way of financial survival given the high levels of unemployment and under employment in the country.

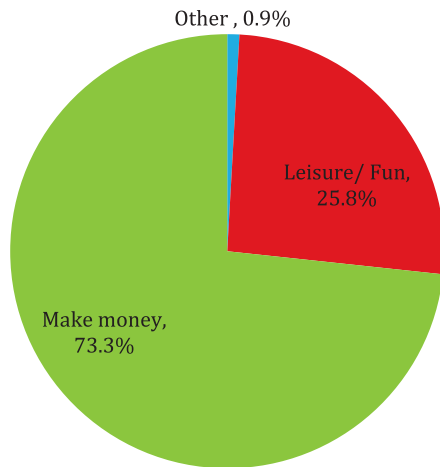
Figure 2: Frequency of betting on sports



Source: Authors calculations from the Kampala Gambling Baseline Survey, 2015

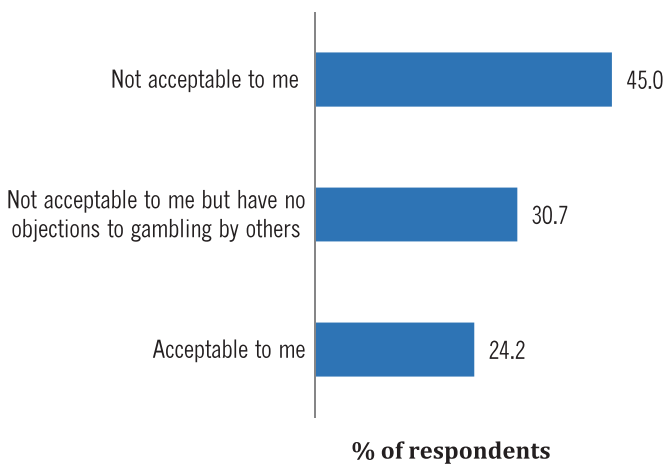
Age, employment status and gender are major determinants in gambling participation: Survey results indicate that participation in gambling is significantly influenced by age, gender and work status. There is a positive and significant relationship between participation in gambling activities and employment status. Those who are working are likely to be participants in the gambling industry compared to their non-working counterparts. More so, there is a higher probability of gambling participation among the males in comparison to females. Finally age seems to be positive and significantly correlated with participation in gambling. This implies that an additional year in terms of age increases participation in gambling however the life cycle effects reveals that there is a certain threshold beyond which gambling participation declines with age.

About 73.3 percent of gamblers participate in gambling as a source of livelihood: In trying to understand why Kampala city residents engage in gambling, the majority of respondents stated that the desire to make money is the major driver (73.3 percent) while leisure did not feature prominently. Yet those who gamble to escape poverty are more likely to get addicted to gambling when compared to those who gamble for leisure or as a form of entertainment.

Figure 3: Reasons for engaging in gambling (%)

Source: Authors calculations from the Kampala Gambling Baseline Survey, 2015

Majority of Kampala residents perceive gambling as an unacceptable behaviour: Overall respondent reaction reflects a fairly negative view on gambling by the populace. At least 45 percent of Kampala residents perceive gambling as acceptable behaviour. The extent of this view is hardly surprising given the social and cultural norms as well as the stigma that has been attached to gambling.

Figure 4: Attitudes towards gambling (%)

Source: Authors calculations from the Kampala Gambling Baseline Survey, 2015

More than a third (39 percent) of all respondents affirmed awareness of underage gambling: The issue of participation of minors in gambling activities is increasingly coming under the spotlight. This is especially important, given the fact that today's young people are the first group to grow up in a society where legalized gambling is both widely available and heavily advertised. The participation of young people

(below 18 years of age) in gambling is against the law and is prohibited under the current laws governing the gambling industry in Uganda. Respondents were asked if they were aware of underage gambling and 39 percent stated that they were aware of minors who were engaged in gaming activities. The majority of the minors engage in sports betting. This finding points to loop holes in the current regulatory framework that exists in the country. Although there are regulations to guard against underage gambling, in practice such laws are rarely implemented or are wilfully ignored by the owners of the gambling outlets.

Emerging issues for policy consideration

Protect the public from over stimulation of latent gambling through limitation of gambling opportunities: Given the high proliferation of gambling outlets, sports betting in particular, we propose restrictions on gambling opportunities to those that can be effectively managed. This can protect the public against excessive stimulation that generates demand that wouldn't otherwise have existed. For example, Spain has prevented the proliferation of gambling outlets by ensuring that outlets are 100 miles apart from each other. Further protections for society may include tighter restrictions on advertising, tighter restrictions on entry into gambling establishments, based on age, limitation of opening hours among others.

Safeguard minors from engaging in gambling activities through tighter laws and monitoring systems: The participation of young people (below 18 years of age) in gambling is increasingly becoming a matter of concern and is prohibited under the current laws governing the gambling industry in Uganda. However, in practice, the practice still exists and needs tighter monitoring systems to be curbed. With the recent introduction of national identification cards, we propose that the admission of clients into gambling outlets should strictly be based on presentation of an identification card for proof of age. Gambling outlets found in breach of the law should be held culpable and face closure.

Reference

This brief is an excerpt from a 2015 report titled "Socio Economic Effects of Gambling: Evidence from Kampala City, Uganda" by Gemma Ahaibwe, Corti Paul Lakuma, Miriam Katunze and Joseph Maweje

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