

**COMMERCIAL IN CONFIDENCE  
STRICTLY CONFIDENTIAL**

**CROWN RESORTS**  
EVOLUTION TO DIGITAL PAYMENTS



**August 2020**



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## Background

Australia is fast moving towards a digital payment society with the carrying and use of cash rapidly diminishing amongst consumers. Australia has a particularly high rate of card usage amongst developed markets and debit cards have now overtaken cash as the most frequently used method of payment.

This shift towards electronic payment methods has been promoted and encouraged by the Reserve Bank with the launch of new payments infrastructure, which has seen the cost and efficiency of using electronic payment methods improve significantly. Government regulators have also supported the shift towards electronic payment methods due to perceived benefits, particularly in relation to transparency, with the Black Economy Taskforce calling for the introduction of an economy wide cash payment limit.

This shift away from cash towards contactless functionality is being accelerated further by COVID-19, with Federal Government health guidelines recommending the use of tap and go technology in favour of cash where possible to limit transmission of the virus.

Conversely, Crown Melbourne remains highly reliant on cash as the primary payment method. Unlike online gaming and wagering operators who are able to utilise digital payment methods (including credit cards), Crown Melbourne is largely prohibited under existing regulation from allowing patrons to use digital payment methods in connection with gaming activities.

In Western Australia, the Gaming and Wagering Commission has granted approval to Crown Perth for patrons to use EFTPOS transactions (debit cards only) for gaming, including at ticket redemption terminals and at gaming tables. Crown Perth has commenced an initial trial of the program at a limited number of gaming tables.

In other jurisdictions, electronic payment methods are becoming increasingly relevant to land-based casino operators, particularly in the post-COVID era. Whilst still at the early stages of adoption, gaming equipment suppliers such as Everi Holdings, IGT and Scientific Games have developed digital payment solutions which are currently in use in a number of US jurisdictions including Nevada and Florida. The American Gaming Association has also recently called on gaming regulators in the United States to be more flexible in their approach to the regulation of digital payments on the casino floor to enable greater patron choice, particularly following the outbreak of COVID-19. As a result, the continued introduction of cashless payment methods is expected to progress expediently across American gaming jurisdictions.



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## Introduction and Scope

In order to keep pace with the demand and expectations of our patrons, particularly in an environment where there are heightened concerns with the physical handling of cash following the COVID-19 pandemic, Crown Resorts (**Crown**) has been investigating payment alternatives to cash in a gaming context.

This paper examines:

1. The rise of digital payments by Australian consumers;
2. Further risks to businesses reliant on cash as a medium of payment;
3. The current regulation of payments at Crown Melbourne under the Victorian casino regulatory framework;
4. The benefits of digital payments technology in a gaming context;
5. The framework for Crown's proposed digital payment solution;
6. Harm minimisation considerations; and
7. Required legislative change to the *Casino Control Act 1991 (Vic)* (**Casino Control Act**) and other gambling legislation applicable to Crown Melbourne.



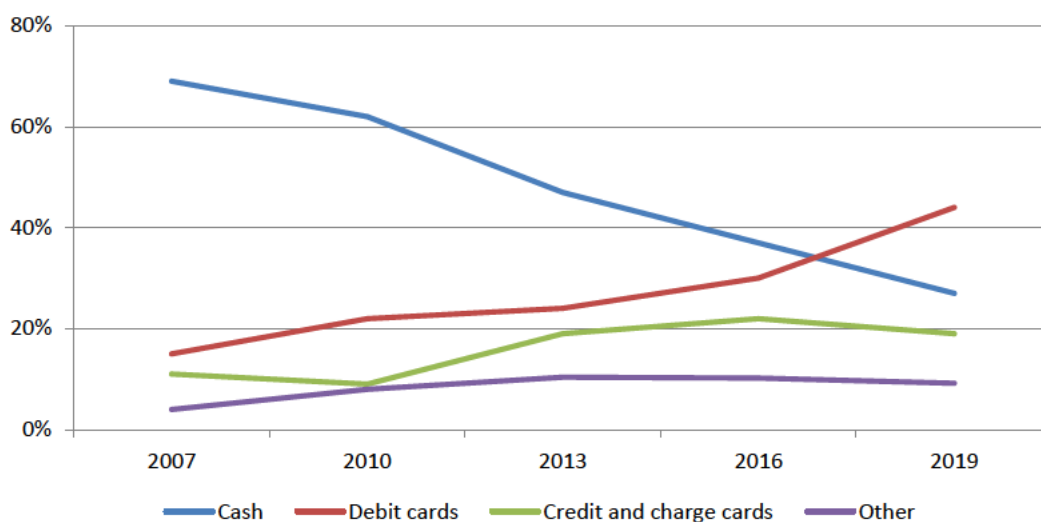
## 1. Rise of Digital Payments

### *The use of cash is in decline*

The way in which Australian consumers make their everyday payments is continuing to change and new payment methods are emerging, with speculation from the Governor of the Reserve Bank of Australia (RBA) that cash may soon be a “niche payment instrument”.<sup>1</sup>

The RBA’s 2019 Consumer Payments Survey (CPS) showed fewer Australians are paying with cash than ever before, with just 27% of all payments in 2019 made with cash, compared with 37% in 2016 and 69% in 2007. According to the 2019 CPS, debit cards were the most commonly used means of payment, overtaking cash as the single most frequently used payment method for the first time.

**Figure 1: Share of total payments by method**



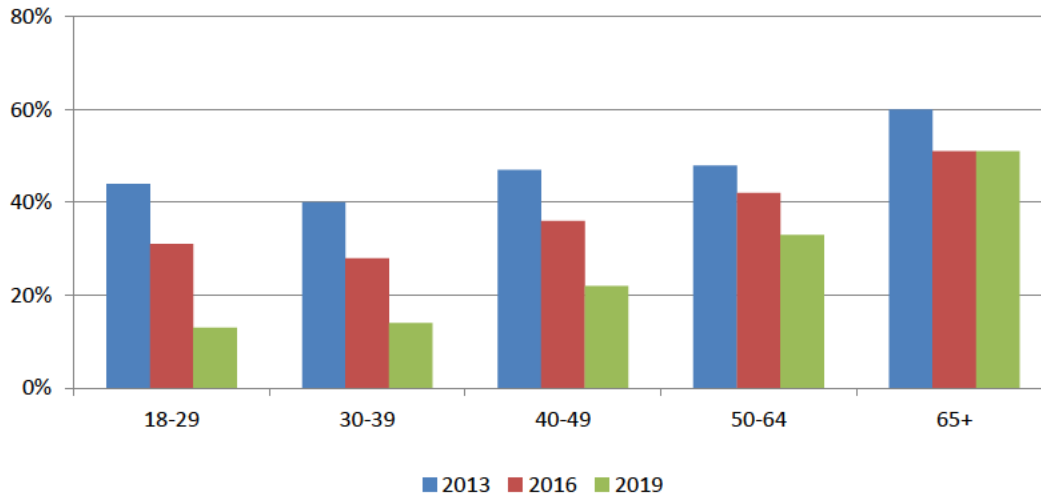
Source: Reserve Bank of Australia, Consumer Payments Survey (2019)

Whilst the use of cash is in decline across all age brackets, the shift to electronic payment methods has been most pronounced amongst younger Australians. According to the 2019 CPS, those under the age of 40 used cash for less than 15% of their payments, down from roughly 30% in the 2016 survey.

<sup>1</sup> Philip Lowe, ‘A Journey Towards a Near Cashless Payments System’, 2018 Australian Payment Summit, Sydney – November 2018.



**Figure 2: Cash payments as a percentage of total payments by age bracket**



Source: Reserve Bank of Australia, Consumer Payments Surveys (2013, 2016, 2019)

As the transactional use of cash declines, so too does the value of physical cash held in consumers' wallets, with many people now carrying little or no cash. According to the 2019 CPS, the median value of cash holdings in an individuals' wallet was just \$30, down from \$55 in in 2013, whilst around 25% of people held no cash at all in their wallet, which compared to just 8% in 2013.

### ***Cards are now the predominant form of payment***

As Australian consumers pay in cash less frequently, credit and debit cards (including in digital forms) have become the primary method of payment, which together accounted for around 63% of consumer payments in 2019.

Cards are being used more frequently at all types of businesses, including in sectors where cash has traditionally been used for a high share of transactions. For example, according to the 2019 CPS, cards were used for around 60% of purchases at non-supermarket food retailers (which includes small food stores, cafes, restaurants and pubs/bars), displacing cash as the most common means of payment at these businesses for the first time.

This ongoing shift to cards has been accelerated by the adoption of contactless functionality, particularly for lower value transactions. Overall, 83% of point-of-sale card transactions were contactless, initiated by tapping a card or mobile device.

While mobile device 'tap and go' payments still account for a relatively small share of consumer payments, the use of mobile payments has grown rapidly over the past three years, with nearly 10% of respondents in the 2019 CPS making at least one mobile payment (double the rate in the 2016 CPS). The adoption of mobile payments is consistent with the increased availability of this payment option and with consumers' greater awareness of the ability to make mobile payments.



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### *Cheques are seldom used*

In the 2019 CPS, cheques accounted for only 0.2% of payments, a similar rate to that recorded in 2016. Because cheques are used so infrequently, the RBA commented in the 2019 CPS that *“it will be appropriate at some point to wind up the cheque system”*, with Governor of the RBA believing the winding up of the cheque system may not be too far away.<sup>2</sup>

### *New payment methods continue to emerge*

New payment technologies continue to emerge that will encourage this shift to electronic payments.

In February 2018, the RBA introduced the New Payments Platform (**NPP**), which the RBA expects will further reduce the use of cash in the economy and also improve the efficiency of the electronic payment system. The NPP is an open-access infrastructure that enables real-time payments on a 24/7 basis, which had previously been unavailable in Australia. The NPP can include more detailed remittance information than other systems and offers PayID, an optional payment addressing service. This enables users to register an easy-to-remember identifier such as a phone number or email address and link it to a bank account. In order to receive a payment, the NPP requires users to share their PayID instead of their BSB and account number, simplifying the process for users.

A range of other payment technologies are also under development or are gaining greater attention, and new technology development opens up the prospect of new payment options emerging, all of which will further accelerate the shift towards electronic payments.

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<sup>2</sup> Philip Lowe, *‘A Journey Towards a Near Cashless Payments System’*, 2018 Australian Payment Summit, Sydney – November 2018.



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## 2. Further Risks to the Use of Cash

### *COVID-19 related health concerns with handling cash*

Health concerns associated with the transmission of COVID-19 via cash handling has seen a further shift away from the use of cash in favour of digital payment options.

The Federal Government has recommended people use 'tap and go' technology instead of cash where possible to reduce the risk of transmission of COVID-19. At the same time, the payments industry has temporarily increased the contactless card limit from \$100 to \$200 to help reduce physical contact with the payment terminal.

In response to these initiatives, retailers are encouraging consumers to use contactless payments and an increasing number of vendors are refusing to accept cash as a payment option.

ASIC has allowed banks to fast-track the issuance of debit cards to customers to assist certain demographics who do not currently have a debit card, such as the elderly, to shop online or use contactless transactions during the COVID-19 pandemic.

According to the RBA, the total value of cash withdrawals from ATMs in April 2020 was down around 30% on March 2020, and down around 40% on the prior year, on a seasonally adjusted basis.

As a result, COVID-19 may result in permanent shifts in consumer behaviour which may accelerate the decline in the use of cash.

### *Black Economy Taskforce – Cash Payment Limit*

In December 2016, the Commonwealth Government established the Black Economy Taskforce to develop an innovative, forward-looking strategy to combat the black economy in Australia. In October 2017, the Black Economy Taskforce released its final report, providing a range of recommendations to the Government, which included actions related to the promotion of a near cash free economy such as the introduction of a cash payment limit.

In recognition of the inherent conflict between existing State-based gaming regulation and the introduction of an economy wide cash payment limit, the Black Economy Taskforce Final Report recommended that barriers to gambling venues accepting electronic payment methods should be removed, citing such a move would be "consistent with broader trends across the economy" and "may also reduce problem gambling and limit the scope for money laundering".<sup>3</sup>

In September 2019, the Commonwealth Government introduced draft legislation (the *Currency (Restrictions on the Use of Cash) Bill 2019*) for the introduction of an economy-wide cash payment limit of \$10,000 for payments to businesses for goods and services. The Rules which accompanied the draft legislation provided for certain exemptions from the cash payment limit, including an exemption for payments that must be reported by an entity under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act)*. The draft bill passed the House of Representatives in October 2019 and was subsequently introduced to the Senate. A Senate Economics Legislation Committee released a report on the bill in February 2020, which recommended that the bill be passed, contingent on certain other recommendations. However, it is understood further passage of the bill is currently on hold.

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<sup>3</sup> Black Economy Taskforce Final Report – October 2017.



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Whilst casinos would be exempt from the scope of the cash payment limit as a reporting entity under the AML/CTF Act, an economy wide cash payment limit would further reduce the circulation and use of cash in the economy, bringing forward the decline in the use of cash across society more broadly.





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### 3. Regulation of Payments in Crown Melbourne

State-based legislation and regulations require, in most cases, that cash be used in the casino to fund gaming activity.

The Casino Control Act is the primary act which regulates the operation of the casino in Victoria.

The Casino Control Act provides that the casino must not accept a wager made otherwise than by means of money or chips.<sup>4</sup> The casino is prohibited from accepting credit or debit cards in connection with any gaming or betting in the casino.<sup>5</sup>

The limited circumstances where methods other than cash can be used include:<sup>6</sup>

- a) electronic transfer only in instances where the patron has established an account with Crown (referred to as a 'deposit account', although it is not a traditional bank account);
- b) cheques (including traveller's cheques and cheques from other casinos) and a cheque cashing facility; and
- c) a credit facility for non-domestic patrons who qualify as premium players under commission-based programs.

The Casino Control Act also limits access to cash at the casino – requiring ATMs and 'alternative cash access facilities' to be at least 50 metres from any entrance to the gaming floor.<sup>7</sup> However, patrons can obtain cash using EFTPOS machines on the gaming floor for up to \$200<sup>8</sup>, but only where the transaction is not in connection with gaming.

The Casino Control Act also provides that cheques must be used in certain circumstances. Winnings from gaming machines exceeding \$2,000 must be paid by cheque, other than in relation to certain unrestricted machines located in specified areas.<sup>9</sup>

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<sup>4</sup> Refer to section 68(2)(a) of the Casino Control Act.

<sup>5</sup> Refer to section 68(2)(c) of the Casino Control Act.

<sup>6</sup> Refer to sections 68(3) and 68(8) of the Casino Control Act.

<sup>7</sup> Refer to sections 81AAA of the Casino Control Act.

<sup>8</sup> Refer to sections 81AA of the Casino Control Act.

<sup>9</sup> Refer to section 81AAB of the Casino Control Act.



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## 4. Benefits of Digital Payment Options

### *Patron expectations*

As the use of cash declines and fewer consumers carry cash in their physical wallets, cash is becoming an increasingly inconvenient means of payment.

Other sectors where cash has traditionally been used for a high share of transactions have been able to transition away from cash to electronic payment alternatives, such as non-supermarket food retailers, however gaming operators remain highly dependent on cash as the primary payment method.

Given the evolution of payments technology, there are now a wide variety of digital payment options which could be implemented to mitigate the decline in the use of cash across society and meet consumer expectations as to the availability of alternative payment methods.

### *Security*

As cash is readily exchangeable and untraceable, it is an unsecure instrument of value. Any cash misplaced or stolen is almost impossible, or at least incredibly difficult, to subsequently track or recover. As a result, there is a risk to patrons in carrying cash to and from the casino.

Digital payments provide for a secure and convenient method in which patrons can transfer and access funds or transfer winnings without the need to carry physical cash.

### *Transparency*

Cash transactions do not automatically generate a record and are generally anonymous which makes them much harder to subsequently track and audit. In order to manage the risk of money laundering and other financial crimes, Crown has developed a comprehensive integrity framework and extensive risk controls and procedures. This includes (but is not limited to) extensive reporting obligations to AUSTRAC given that Crown Melbourne is a reporting entity for the purposes of the AML/CTF Act.

Digital payments provide additional tools which can be used to enhance existing controls. Digital payments generate real-time and automated records of transactions, enhancing transparency and creating clear audit trails. This information can be monitored and subsequently reviewed, providing additional intelligence for State and Federal regulatory and law enforcement bodies.

### *Efficiency*

Digital payments are an efficient way for a patron to access their funds and deposit winnings. Under the current regime, a patron is required to visit either an ATM or a bank in order to withdraw funds to use at the casino. Often these ATM withdrawals can come at a cost to patrons. Winnings are generally paid in cash or by way of cheque when above a certain amount (for example, as required under State-based legislation for certain gaming machine patrons), requiring the patron to find the time to subsequently visit a bank in order to deposit these amounts. As outlined in section 1, the cheque system is at risk of being wound up in the near term, potentially removing this as a payment option going forward. There is also the added security risk to the patron in physically carrying these funds to a financial institution to deposit. Conversely, digital payments allow a patron to deposit winnings directly into their own bank account.



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By creating automatic and accurate records of transactions, digital payments also have the potential to eliminate or reduce many of the costs incurred by a casino operator in handling physical cash. Costs which could be eliminated or reduced include the cost of counting and reconciling cash on the gaming floor, lost productivity for dealers when counting cash for a buy-in at the table and the cost of physically storing and transporting cash. Conversely, the cost of electronic payments continues to decline due to both advances in technology and economies of scale.

### *Harm minimisation*

Digital payments provide the opportunity to enhance harm minimisation measures to assist in the prevention and early detection of potential problem gambling behaviour.

For example, digital payments provide the opportunity for patrons to impose self-mandated limits on spending on gaming activities, as well as creating clear and accurate transaction histories, providing an opportunity for patrons to monitor their spending and gaming patterns.

Digital payments also provide for automated reporting of expenditure, which can be used to assist in the real-time monitoring and early identification of potential problem gambling behaviour.

Further, depending on the digital payments solution adopted, important elements of the traditional approach to harm minimisation, such as limiting a patron's access to cash on the casino floor and creating a 'break in play' for patrons whilst gaming, can be emulated through digital payment technologies. For example, delays can be mandated between requesting a funds transfer and withdrawing available funds for gaming activity.

Refer to section 6 for further information.

### *Health*

As previously mentioned, the recent outbreak of COVID-19 highlights the risk that physical cash, which is a fomite, can carry and transmit germs and other bacteria. Digital payments reduce the need for physical cash to be handled on site and allow for contactless payments, reducing the risk of transmission of COVID-19 and other physically transmitted diseases to employees and patrons at the casino.

## 5. Overview of Proposed Digital Payment Solution

Crown Melbourne attracts an extremely diverse customer base, with over 22 million visits to the casino during the 2019 financial year, and almost 220,000 active Crown Rewards (loyalty program) gaming customers. As such, Crown's proposed digital payment capability needs to cater to a broad range of patrons and patron expectations.

Crown's proposed digital payment solution broadly comprises two digital payment methods designed to cater to different customer segments and offering different capabilities:

- A. Traditional debit card transactions; and
- B. Transacting by way of a 'Virtual Account'.

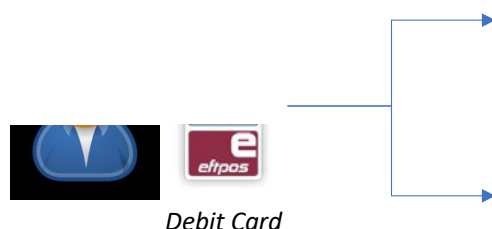
### 5A. Traditional debit card transactions

In its simplest form, the introduction of digital payments in the casino would allow a patron to purchase chips or vouchers by way of EFTPOS at the Cage, a table or a designated terminal. Such technology would allow for transactions initiated by traditional plastic debit cards or virtual debit cards (such as those contained in a digital wallets, such as the Apple Pay or Google Pay).

Only debit cards would be enabled – credit card transactions would not be permitted.

As outlined earlier in this paper, in Western Australia the Gaming and Wagering Commission has granted approval to Crown Perth for patrons to transact in such a way.

**Figure 3: Debit card transaction**



The provision of debit card technology would allow Crown to continue to cater to those patrons and customer segments that are increasingly moving away from physical wallets (and therefore the carrying of cash) in favour of digital alternatives. In particular, such technology would be appealing to the 'casual' customer who is typically not a Crown Rewards member and therefore does not have an established digital presence with Crown, but who is used to transacting in electronic forms across everyday life.

A patron's spend would be limited by the daily cash withdrawal limit of the card (as set by the bank that issues the card). It is also possible to set lower individual transaction or daily withdrawal limits (discussed further in section 6).



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## 5B. Virtual Account

### *Background: Existing deposit accounts*

State-based regulation currently allows for patrons to establish accounts with Crown, into which they can transfer funds electronically or deposit cash, chips or vouchers/tickets (referred to as a 'deposit account').

In a gaming machine context, a number of patrons hold such accounts, which enable the transfer of credits to a gaming machine utilising their Crown Rewards card with additional account functionality. In a table games context, such deposit accounts are operated through a different system and are often referred to as 'Deposit Account Balances' (or DABs).

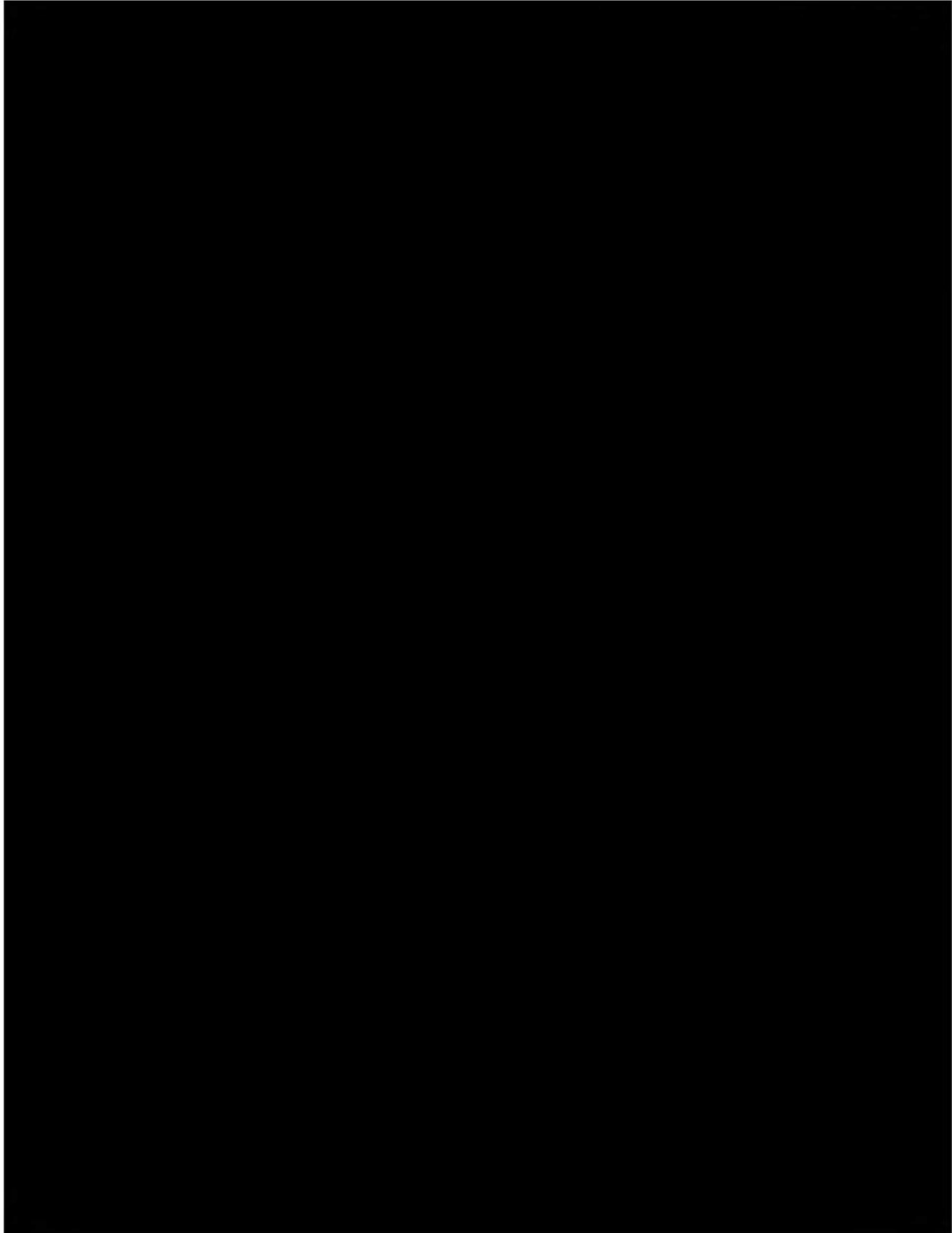
However, the funding of such accounts by a means other than cash is low amongst Crown's patrons due to the legacy technology upon which they are built and their manual operation. For example, after electronically transferring funds to Crown, a patron must wait for these funds to clear in the banking system (which historically could take 24-48 hours) and then present at the Cage in person with a transaction receipt, where the Cage operator must manually locate the transfer in the system and allocate the value to the patron's deposit account.

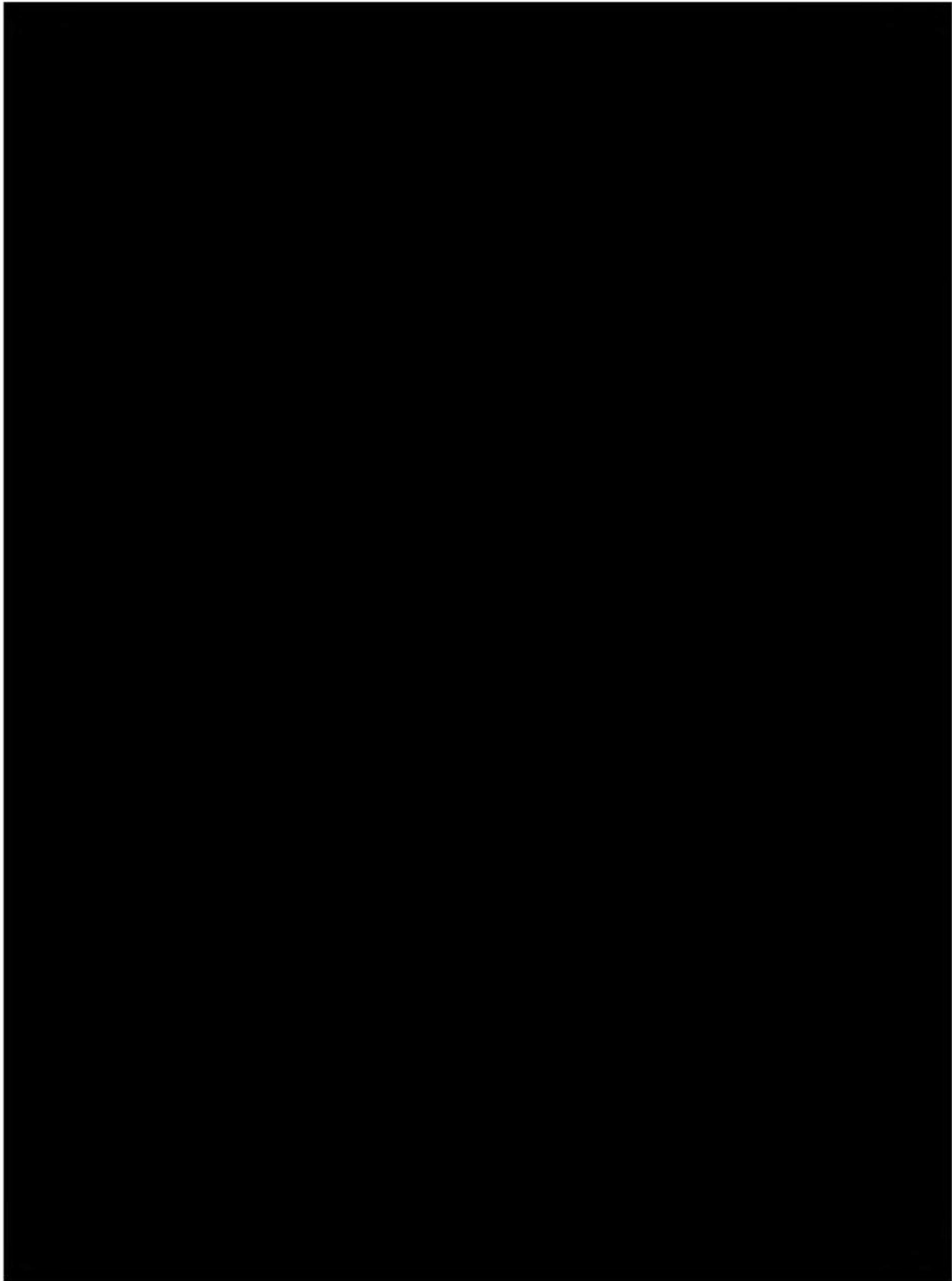
### *Overview of proposed solution: Virtual account*

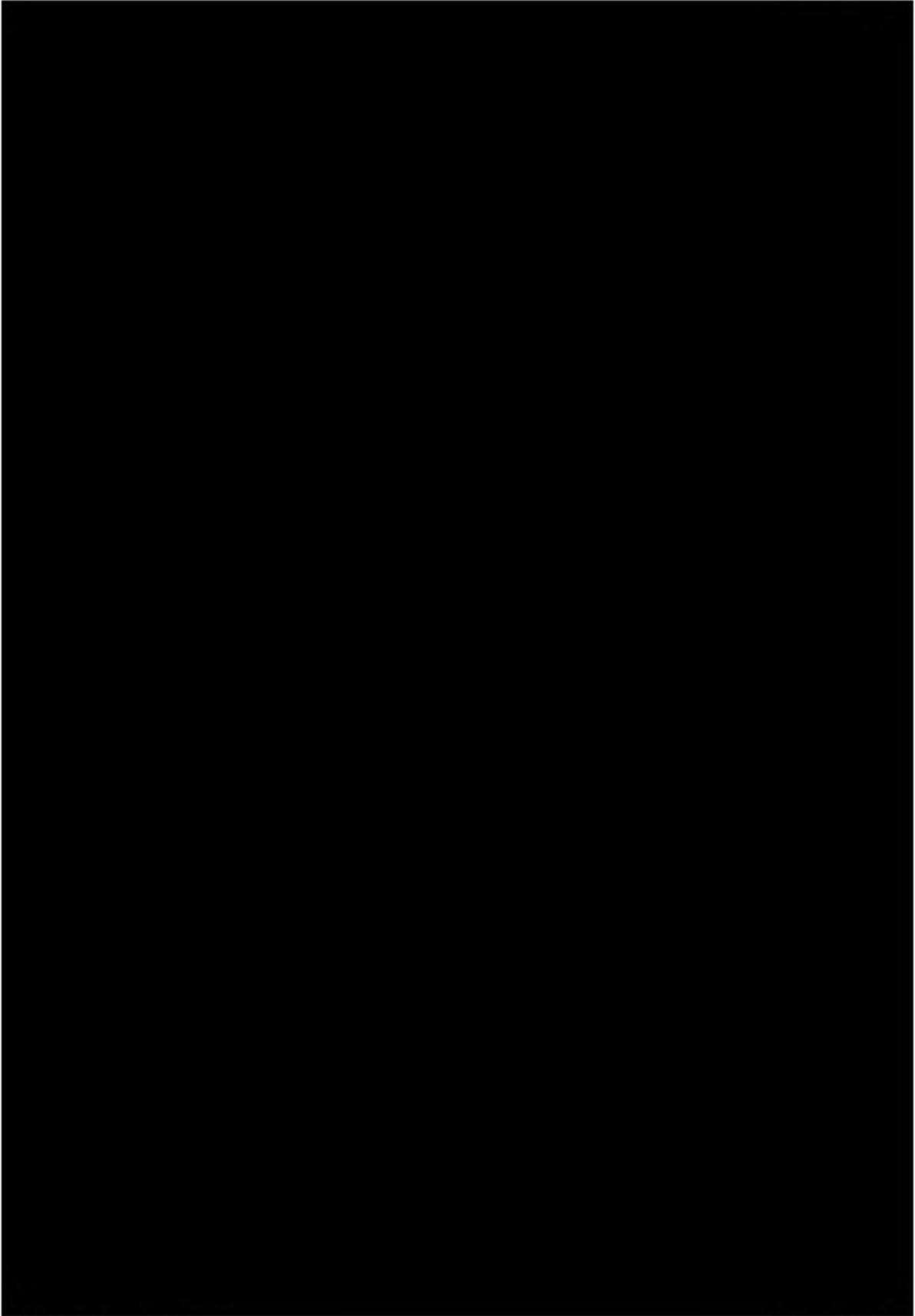
A virtual account would represent the next stage in the evolution of a deposit account, replacing legacy technology and processes with the latest mobile payments technology.

A virtual account would allow a patron to transfer and store value with Crown for use at various outlets across Crown's properties, including on the gaming floor. In essence, a virtual account would allow for the digital transformation of existing processes, replacing physical cash with a digital solution.

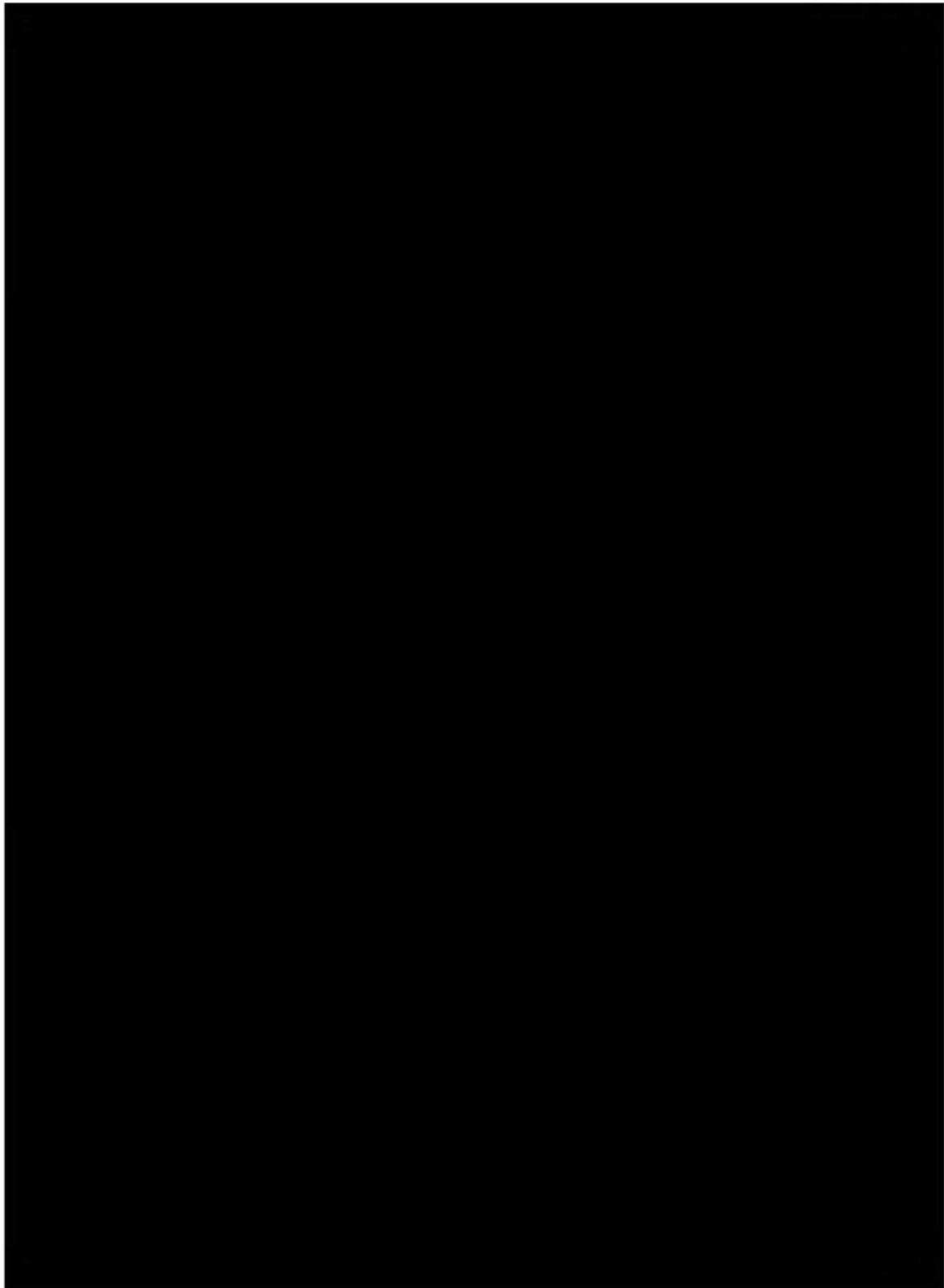
Once a virtual account has been funded by an electronic transfer using a debit payment instrument (it is not intended that credit cards or any other form of credit would be permitted as a funding instrument), patrons would be able to use these funds to purchase chips and vouchers for gaming, or to pay for other goods and services at Crown, such as F&B or hotel bills, up to the value of funds held in the virtual account. Similarly, chips and winnings following play can be deposited back into the patron's virtual account to store or to transfer directly to the patron's bank account.

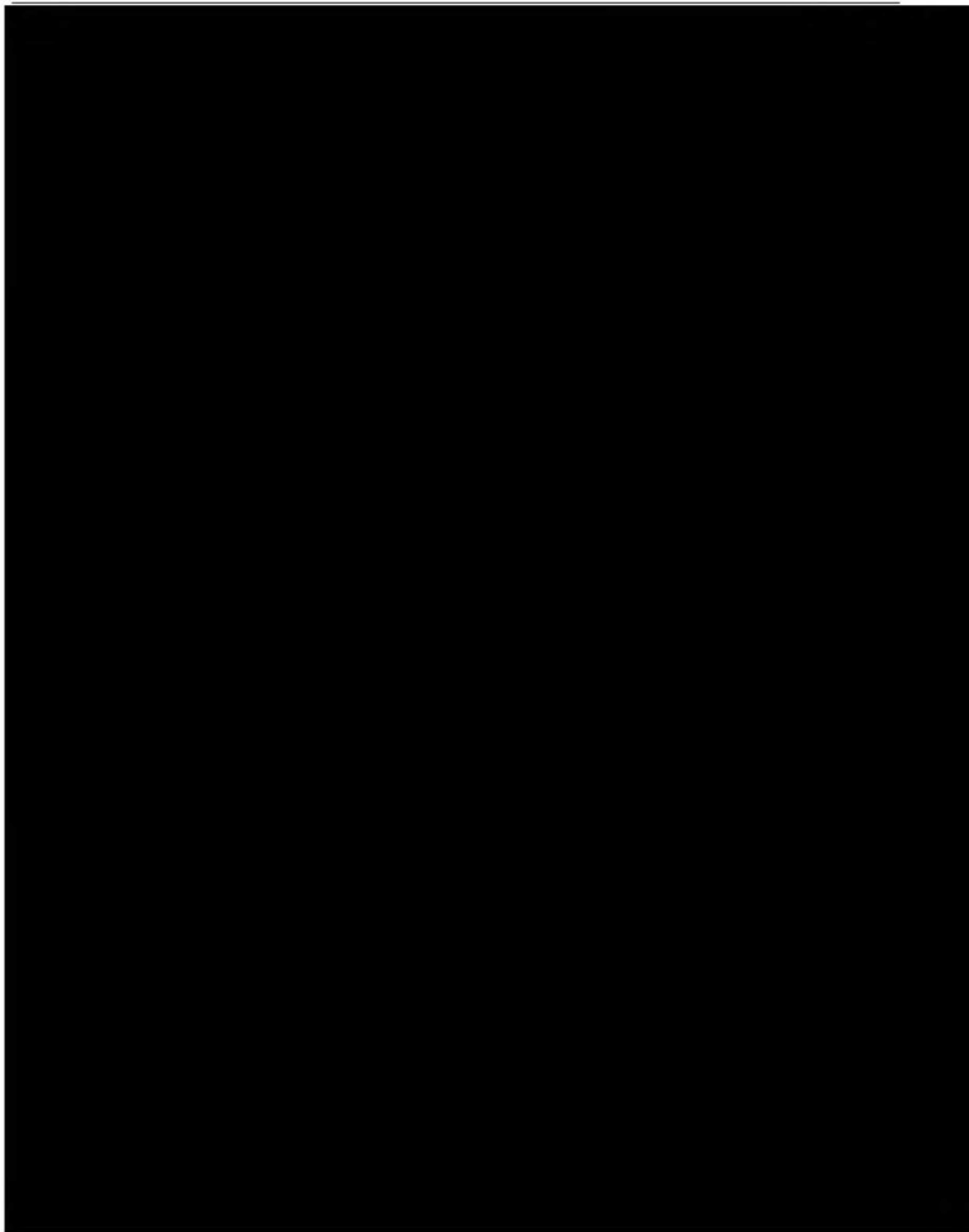


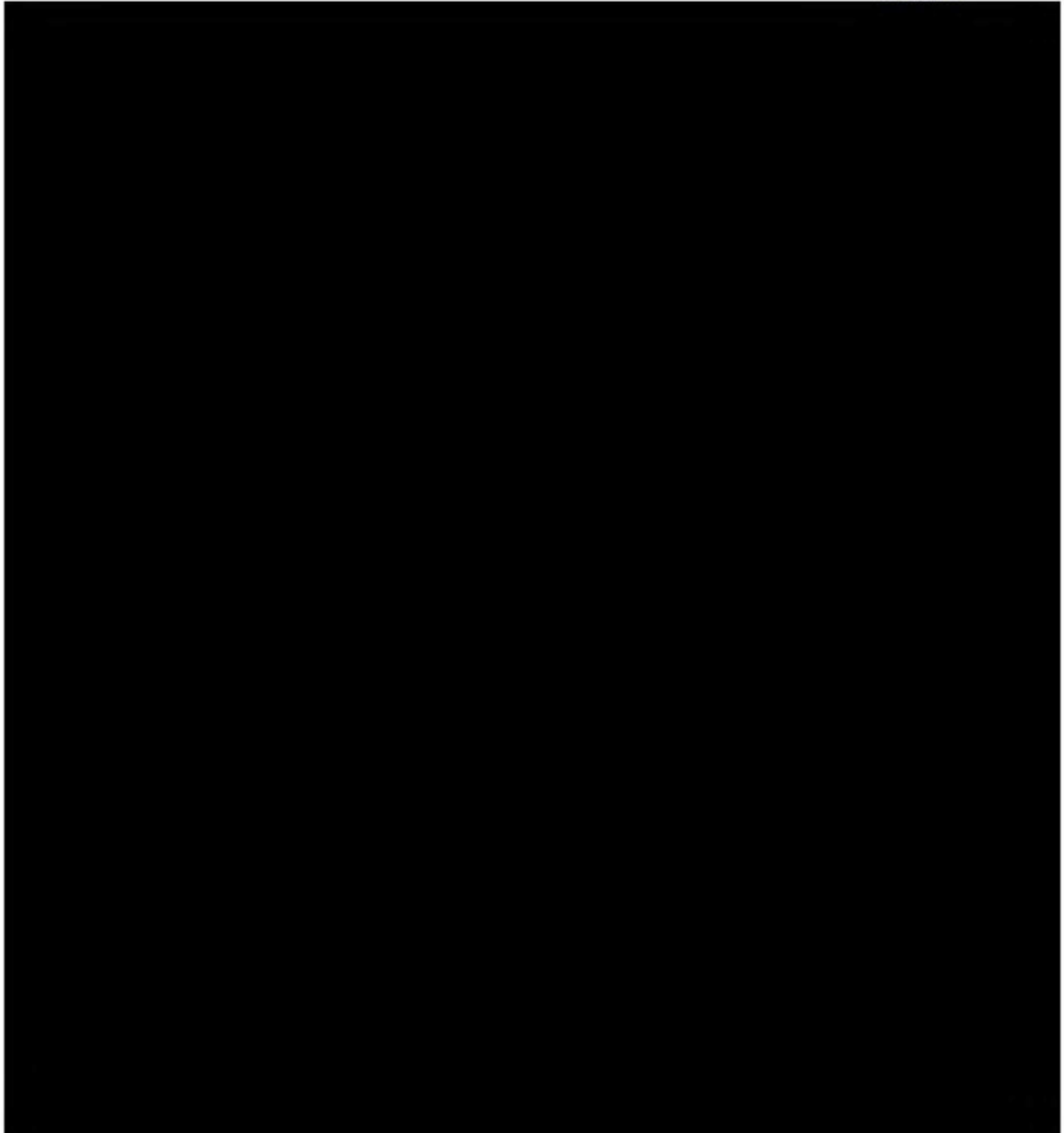


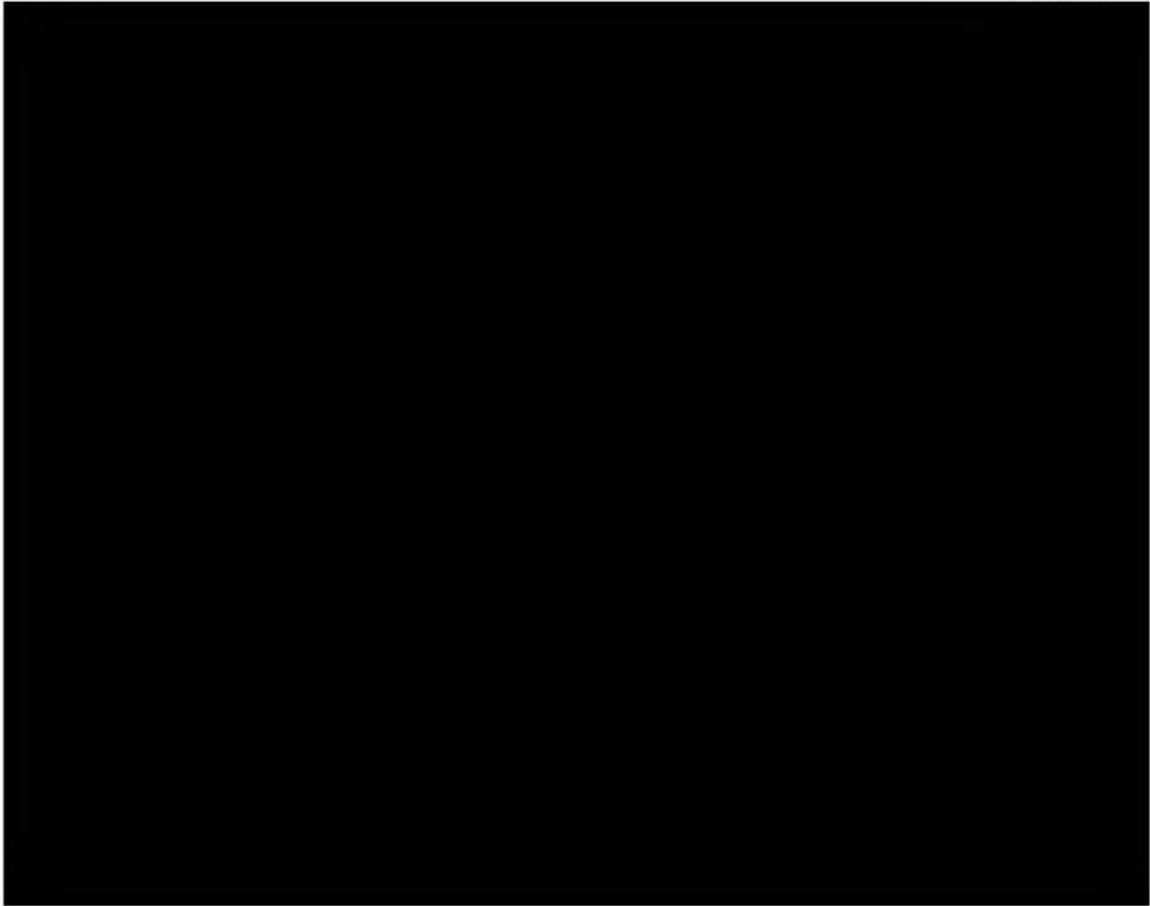














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## 6. Harm minimisation considerations

### *Break in play*

An important harm minimisation strategy for land-based gaming venues has traditionally been to limit a patron's access to cash, with legislation restricting the location or availability of ATMs in gaming venues and mandating withdrawal limits. These strategies are designed to:

- (a) reduce the potential for patrons to access additional funds when acting under conditions of impulse (e.g. to 'chase losses'); and
- (b) create a break-in-play to allow individuals an opportunity to reappraise their decision to withdraw additional funds and continue gaming (e.g. by requiring the patron to leave the gaming floor to withdraw funds from an ATM).

Depending on the method of transacting, these harm minimisation principles can be emulated through digital payment technologies, or else other strategies can be implemented to enhance the approach to harm minimisation through digital payments.

### *Traditional debit card transactions – Withdrawal limits*

The primary challenge from a traditional harm minimisation approach with a debit card transaction is the absence of opportunity for a break in play when compared to a withdrawal from an ATM (which requires the patron to physically leave the gaming floor to access an ATM).

Importantly, it is not proposed that a patron could utilise their debit card directly at a gaming machine – instead, the patron would be required to leave a gaming machine and visit either a ticket redemption terminal or the Cage in order to purchase additional credits.

Debit cards have a daily cash withdrawal limit as determined by the customer's financial institution, which typically ranges from \$1,000-\$2,000 per day. As a result, withdrawals from this method will inherently be limited.

Lower individual transaction limits or daily withdrawal limits could also be imposed to partly address concerns and reduce the risk that debit card transactions exacerbate gambling related harms.

### *Traditional debit card transactions – Observable signs and interactions*

There are advantages to the use of debit cards on the gaming floor from a responsible gaming perspective. The use of debit card facilities on the gaming floor, in particular where they involve an interaction with a staff member, allows staff to more effectively monitor patron behaviour when withdrawing funds (relative to monitoring ATM withdrawals at machines that are located outside the gaming floor and therefore out of the view of casino staff). For example, dealers will be in a position to observe transactions which are declined as a result of insufficient funds, incorrect PINs, and where daily withdrawal limits are reached. This may assist in the early identification of indicators that a person may be experiencing problems with their gambling, leading to earlier intervention.

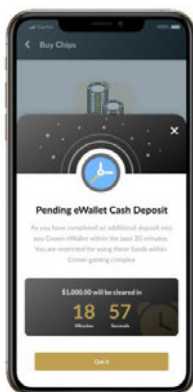
### *Virtual account – Harm minimisation enhancements*

As a virtual account requires a patron to undertake additional registration requirements and is unique to each individual patron, it provides the opportunity for enhanced harm minimisation capabilities.

Firstly, the virtual account can be configured to create a mandatory ‘break in play’ when a patron reloads their account. For example, it is possible to require a minimum period of time to elapse between funding the account, and the funds being available to withdraw for gaming activity (such as the period of time it would take to walk to an ATM and withdraw additional funds).

Similarly, geo-location services can be utilised to de-activate a patron’s ability to deposit funds into an account whilst physically at a gaming table or gaming machine – for example, requiring this patron to physically leave the gaming device in order to deposit funds into their virtual account.

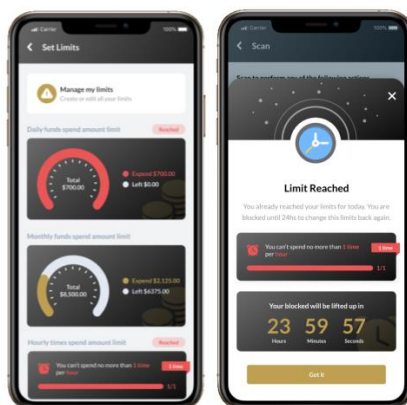
**Figure 13: Mock-up of the virtual account break in play**



Further, the virtual account would equip patrons with tools to self-monitor and govern their gaming activity. For example, patrons could be given the option to add self-imposed restrictions on how much they can deposit or spend from their virtual account over a given time period, or can otherwise be provided with activity alerts.

Patrons could also view their transaction history, such as spend from their virtual account by venue and activity, enabling patrons to monitor their spending and gaming patterns.

**Figure 14: Mock-up of player limits**





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This automated and enhanced reporting of digital payments can also be utilised by gaming operators and regulatory authorities to support early identification of potential problem gambling behaviour. For example, indicators of potential problem gambling behaviour could be more accurately recorded and automatically flagged such as increased frequencies of deposits and withdrawals, declined transactions due to insufficient funds or deposits occurring from multiple accounts. Further, the development of data analytics tools to proactively identify patrons at risk of harm from gambling – which was one of the recommendations from the Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) as part of the Sixth Review of the Casino Operator and Licence – would be enhanced by the valuable real-time data captured from digital payments.

Conversely, the nature of cash play means many of these indicators are currently difficult to record and track, particularly in circumstances where a patron may withdraw funds away from the casino premise or ‘buy-in’ (often anonymously) from multiple locations or across multiple time periods and therefore interact with a range of gaming employees and systems.



## 7. Required Legislative Amendments

When Australian casino regulatory schemes were being developed in the 1980s and 1990s, cash was the predominant method of payment, and the use of cheques was much more widespread. However, this scheme is now in need of reform to be able to keep pace with new payments technology and changing community preferences in how to transact. Any such amendments must be sufficiently flexible to cater for future payment innovation.

Crown's proposed digital payment solution as outlined in section 5A will require legislative amendment to enable a patron to transact directly with the casino by way of a traditional debit card, as this would otherwise contravene section 68(2)(c) of the Casino Control Act.

Further, where a direct link can be drawn between the funding of a virtual account with a debit card and the drawing down of the account for gaming (e.g. in chips) as outlined in section 5B, this would likely be viewed as being 'in connection with gaming' and also in contravention of section 68(2)(c) of the Casino Control Act – requiring legislative amendment or clarification.

The policy rationale for maintaining this prohibition on debit cards is increasingly becoming less clear, particularly as payments technology evolves and patrons can initiate real-time bank transfers utilising their mobile devices (which does not necessarily involve a transaction with a debit card).

Other sections of the Casino Control Act will also need to be reviewed to ensure they keep up with modern payments technology. For example, the definition of an 'alternative cash access facility' includes a 'facility' that:

*(a) enables a person to debit his or her funds without a person employed or engaged by the casino enabling the debit of those funds; and*

*(b) issues a receipt or other authority requiring the casino to pay to that person cash representing the amount debited.<sup>10</sup>*

The current prohibition on alternative cash access facilities on the gaming floor was introduced in 2012 in response to the introduction of devices in gaming venues that were "clearly designed to circumvent the ban on ATMs" by allowing a patron to request and withdraw cash without the need for staff interaction "before any decision to withdraw cash is actioned by the customer".<sup>11</sup>

The operation of this definition should be reviewed to ensure, and make it clear, that it does not capture digital payment methods utilising smartphone technology, such as a funds transfer via a mobile application as contemplated in section 5B.

Furthermore, the requirement for winnings or accumulated credits on a gaming machine which exceed \$2,000 to be paid by cheque should be modernised, particularly as the use of cheques continues to decline and may soon be phased out by the Reserve Bank of Australia.<sup>12</sup> Casino operators should be given the option to pay such amounts by electronic funds transfer or directly into a patron's virtual account, subject to observing certain minimum time periods before the funds can be accessed by the patron for gaming. This would bring casino regulation in line with equivalent requirements which apply to venue operators, which allows for the payment of accumulated credits

<sup>10</sup> Refer to Section 3(1) of the Casino Control Act.

<sup>11</sup> *Gambling Legislation Amendment (Transition) Bill 2012 Explanatory Memorandum.*

<sup>12</sup> Refer to the discussion of cheques in section 1.





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of \$2,000 or more by means of electronic funds transfer provided those funds are not available to the person for at least 24 hours after the transfer.<sup>13</sup>

Ancillary regulation will also need to be reviewed and amended to ensure casino regulation keeps pace with modern payments technology. For example, the *Gambling Regulation (Pre-commitment and Loyalty Scheme) Regulations 2014*<sup>14</sup> and the VCGLR's Player Account Equipment technical standards<sup>15</sup> provide certain prescriptive requirements for the design of a player card, including the need for it to have a magnetic stripe. Such regulation therefore precludes the possibility of digital player cards, which are increasingly being demanded by patrons who no longer carry physical wallets.

Work is also continuing to ascertain whether there are other legislative implications for Crown's digital payment solution that will need to be addressed. For example, consideration is being given to the implications under Chapter 7 of the Corporations Act 2001 (Cth), the Payment Systems (Regulation) Act 1998 (Cth) and the AML/CTF Act. To the extent that there are implications for Crown's digital payment solution under the above legislation and other applicable legislation, consideration will be given to whether Crown will need to modify its proposed digital payment solution, apply for certain licences or approvals (if any), or whether relief should be sought from the relevant regulators or under existing legislative exemptions.

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<sup>13</sup> If that is not possible, the payment of accumulated credits of \$2,000 and above must be made via cheque. Refer to section 3.5.33 of Gambling Regulation Act 2003.

<sup>14</sup> See, for example, sections 4A, 4B and 11A.

<sup>15</sup> See section 4.2.3.A.



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## 8. Conclusion and Next Steps

In order to keep pace with the evolution of payments technology and to continue to provide a world class facility that meets the evolving expectations of our patrons, Crown believes it is critically important digital payment options are introduced and available in a gaming context in the near term, particularly in the post COVID-19 environment. This would provide patrons with the choice of using safe and secure digital payment options in an environment where there is an increasing reluctance to carry physical cash, and offer the potential to improve responsible gaming efforts by equipping patrons with digital tools to help them monitor their gaming behaviour. Digital payments also provide operators, regulators and law enforcement increased transparency into matters of compliance and monitoring of financial transactions, such as KYC and anti-money laundering.

Crown would welcome the opportunity to discuss and engage with Government, regulators and other interested stakeholders on this proposed digital payments solution.