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# GAMBLING

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## 1 Definition of Gambling

- Wagering of money / something of value
- Intent of winning additional money / material goods
- There are bets with a short timespan
  - Roll of a dice
  - Single spin of a roulette wheel
- But there also bets with a longer time frame
  - Outcome of a future sports contest
  - Outcome of an entire sports season
- Gambling which is permitted by law is sometimes called “gaming”
- Gambling is a major international commercial activity
  - Legal gambling market is estimated \$335 (2009)

## 2 History

### 2.1 Religion

- Most religious authorities generally disapprove of gambling
- Catholic Church is okay with gambling as long as it is fair
  - All bettors have reasonable chance of winning
  - No fraud is involved
  - The parties have no knowledge about the outcome of the bet
- Religion is the reason why
  - some Islamic countries disallow gambling
  - most countries regulate it (e.g. like the catholic church)

### 2.2 Origins

- Most games that are played in modern casinos come from Europe and China
  - Europe
    - Craps
    - Baccarat
    - Roulette
    - Blackjack
  - China
    - Keno (ancient Chinese lottery game)
    - Pai gow poker

## 3 Regulation

- Gambling is often either banned or heavily controlled by licensing
  - Those regulations lead to
    - gambling tourism
    - illegal gambling where it is not allowed
- The law usually requires that the odds in gaming are statistically random

- Prevents manufacturers from making high-payoff results impossible
  - High-payoffs have a very low probability → odds have to be checked carefully to prevent a bias
- The participants are often required to be above a certain age
  - Sometimes this age differs depending on the type of gambling

### 3.1 Sharia law

- In the Muslim world, gambling is considered haram (sinful)
- Muslim jurists describe gambling harmful to the Muslim community
- In some parts of the Islamic world, punishments for Muslim gamblers can range to
  - 12 lashes
  - A one-year prison term

## 4 Types of gambling

- Almost any game that is typically played for money can also be played just for fun

### 4.1 Casino games

#### 4.1.1 Electronic Gaming

##### 4.1.1.1 Slot machine

- Casino gambling machine
- Also known as “one-armed bandit”
  - Because they had originally one lever on the side
- Three or more reels
  - Spin when a button is pushed
- To play a person needs to insert
  - cash
  - a paper ticket with a barcode (if supported)
- The game usually involves matching symbols
  - Symbols are usually bright colored and easy recognizable such as
    - images of fruits
    - numerals or letters
    - simple shapes (bells, diamonds or hearts)
- There often is a variety of winning combinations
  - Usually posted on the front of the machine
- If a player wins, the machine credits the winner either
  - Cash
  - Some other sort of value (e.g. bonus games)

#### 4.1.1.2 Video poker

- Again to play, money or a ticket with a bar code has to be inserted
- To start the game the player has to
  - place a bet of one or more credits
  - press the “deal” button
- At the beginning of the round the player is given five cards
  - If wanted, one or more cards can be discarded in exchange for new ones (same deck)
- If the hand matches one of the winning combinations, the machine pays out
  - Winning combinations can be looked up in the play table
- The payouts are allocated based on how rare the hand is
  - A pair of jacks with pays even money
  - A straight flush and a royal flush are the hardest to get

#### 4.1.2 Other gambling

##### 4.1.2.1 Bingo

- Bingo cards are a piece of cardboard
  - Contain 25 squares arranged in five columns and five rows
- The columns are filled with the numbers 1 through 75
- The labels of the columns are ‘B’, ‘I’, ‘N’, ‘G’ and ‘O’ from left to right
- Center space is marked “Free” and is considered automatically filled
- Once a number is drawn, all the players can mark it on their cards
- A player wins by competing a row, column or diagonal

#### 4.2 Fixed-odds betting

- Occur at many types of sporting events and political elections
- Some bookmakers offer fixed odds on other outcomes on
  - Movement of financial indices (price of a stock)
  - Winner of a television competition (e.g. Big Brother)
  - Election results
- The odds for the available outcomes depend on the value bet on each outcome
  - The sum of the probabilities is 100%

##### 4.2.1 Parimutuel betting

- All bets of a particular type are placed together in a pool
  - Pool is shared among the winners
  - The worse the odds, the more one gets from the price pool
- The amount of payment is not determined until the pool is closed
  - In normal fixed odds betting the amount of payout is set when the bet is sold
- Used in gambling on horse or greyhound racing

#### 4.2.1.1 Example

- Event with 4 possible outcomes
- People bet money on those outcomes (table below)

1	50€
2	100€
3	200€
4	150€

- Therefore the pool of money on this event is 500€ (outcomes combined)
- The event starts and no more bets are accepted
- The wagering company takes away a commission from the pool
  - Often around 10 – 15%
  - With 15% taken away, the remaining money in the pool is now 425€
- The outcome of the event is determined to be Outcome 4
- The remaining money is distributed between those who bet on Outcome 4
  - $425€ / 150€ = 2,83€$
  - Each player gets 2,83€ per 1€ they bet.
  - If a player set 100€ on Outcome 4 he would get 283€

#### 4.2.2 Sports betting

- Commonly performed through a bookmaker or through an Internet site
- There are a lot of different types

##### 4.2.2.1 Spread betting

- Payoff is based on the accuracy of the bet
  - Instead of simple “win or lose”
- Spread = range of outcomes
  - People bet whether the outcome will be above or below the spread

##### 4.2.2.1.1 Example

- Bookmaker sets a spread of 4 points for a game with a favorite and an underdog
  - A gambler bets on the underdog
    - Called “take the points”
    - Underdog’s points + spread (4) > favorite’s score
      - Underdog 8:10 Favorite  $\rightarrow 8 + 4 > 10 \rightarrow$  gambler wins
      - Underdog 8:13 Favorite  $\rightarrow 8 + 4 < 13 \rightarrow$  gambler loses
  - A gambler bets on the favorite
    - Called “give the points”
    - Favorite’s points - spread (4) > underdog’s score
      - Underdog 5:10 Favorite  $\rightarrow 10 - 4 > 5 \rightarrow$  gambler wins
      - Underdog 8:10 Favorite  $\rightarrow 10 - 4 < 8 \rightarrow$  gambler loses

#### 4.2.2.2 Proposition betting

- Bets on whether an event will occur during a game or not
  - That event does not directly affect the game's outcome (team A wins)
- Such a bet could be
  - Number of strikes a pitcher will get in a baseball game
  - Whether a non-offensive player will score in an American football game
  - Which team will score the first point of the game

## 5 Problem gambling (gambling addiction)

- Person wants to gamble continuously despite
  - Negative consequences
  - A desire to stop
- Some symptoms of gambling addiction
  - Using income or savings to gamble while letting bills go unpaid
  - Repeated, unsuccessful attempts to stop gambling
  - Chasing losses
  - Arguing with friends or family about gambling behavior
- Prevalence
  - Europe
    - 0.5 to 3% of the adults have a gambling problem
  - North America
    - In 2008 2.3% of the adults had a gambling problem

### 5.1 Online gambling vs casino gambling

- It is a lot easier to lose money in online casinos
  - Players can play at home
    - No dress code
    - Not paying money for the transport or an expensive meal
    - → A lot easier to start playing
  - Free casino chips
    - Online casinos offer the player free chips so he starts playing
  - Anywhere and anytime
    - Online casinos are not bound to a location
    - Can be accessed from everywhere

## 6 Register

fraud	Betrug
stock	Aktie
wager	Wette / Wetteinsatz
prevalence	Verbreitung

## 7 Sources

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