

EU Parliament Committee Propose Regulations for Online Games

QUICK READ:

- An IMCO 'Own Initiative Report' criticises industry self-regulation and proposes a harmonised EU-wide consumer protection framework for online games – emphasising increased protections for minors, that includes banning paid loot boxes for children.
- The European Commission have been asked to determine whether loot boxes can be considered gambling.
- It appears that third sector groups, such as 5Rights, have been lobbying the Rapporteur, whilst the games industry has not been consulted.

RISK BAROMETER



JURISDICTION RELEVANCE

European Union

REGULATOR

Member
States

TIMELINE

Indicative plenary
sitting date:
16/01/2023

KEY INSIGHTS:

- An IMCO [report](#) proposes a harmonised consumer protection framework in games that would, among other things, ban the use of paid loot boxes for minors.
- It takes a harder line than the highly influential 2020 IMCO [study](#) on loot boxes that called for a 'holistic' consumer protection approach and opposed gambling regulation.
- In the report, game designs used for in-game purchasing systems are defined as 'particularly harmful when targeted at minors' and the Commission is asked to determine whether loot boxes can be a gambling activity – with the view to taking the 'necessary steps to bring about a common European approach'.
- On parental controls, the report calls for the PEGI ratings system to be further entrenched into EU law.
- It appears that third-sector organisations like 5Rights have provided [input](#) to the Rapporteur. In contrast, the games industry has not been consulted.
- In a recent committee hearing on October 10th, to consider amendments, around half of the broad church of the MEPs in participation preferred a ban on the mechanic for minors entirely.
 - » Calls for more stringent measures mainly came from Renew Europe and the Greens/EFA on the left.
 - » Other representatives, including from the Bureau of European Conservatives and Reformists Group, and the Identity and Democracy Group, favoured a more balanced approach.
 - » Free-to-play games were singled out for the use of 'false virtual currencies'.
 - » Developers were accused of breaching measures laid out in the Unfair Commercial Practices Directive.
- A plenary sitting date is scheduled for January 16th, before which another committee hearing will be held.

MOST TELLING:

'[the report] calls on the Commission to analyse and determine whether loot boxes can be considered to be a gambling activity'

DELANY & CO HOT TAKE:

The 'Own Committee Initiative' report has no immediate formal standing at Commission level. Still, this direction of travel is a precursor to a threat that may get worse. It is worth noting that during the hearing, MEP Eugene Jurzyca, Member of the Bureau of European Conservatives and Reformists Group, described the proposal as 'beyond simplistic' and 'one-sided'. Nevertheless, it seems that a growing desire to increase legislative protections for children in Europe may impact their approach to loot boxes and more.