

LCQ2: Virtual lucky draw functions in video games

Following is a question by the Hon Kenneth Lau and a reply by the Secretary for Home Affairs, Mr Caspar Tsui, in the Legislative Council today (June 16):

Question:

It has been reported that quite a number of video games in the market provide functions for gamers to join lucky draws in the games, upon making extra payments (i.e. the Internet term "in-game purchases"), to purchase virtual commodities such as game props (virtual lucky draws). In addition, some video game manufacturers induce gamers to make incessant "in-game purchases" by using various tactics. As a result, some gamers, in the hope of getting their favourite virtual commodities by lucky draws, have become addicted to "in-game purchases". Details such as the probability of drawing commodities and the lucky draw prizes are not disclosed in such games, and the terms of use of such games lack protection for the gamers. In this connection, will the Government inform this Council:

- (1) of the number of complaints about virtual lucky draws received by the authorities in each of the past five years, and how such complaints were handled;
- (2) of the measures in place to help gamers who are addicted to "in-game purchases" to quit addiction, and to prevent more gamers from being addicted to "in-game purchases"; and
- (3) whether it will, by following the practices on the Mainland and in other regions, regulate the virtual lucky draw functions in video games and bring virtual lucky draws within the ambit of the Gambling Ordinance by classifying them as gambling activities; if so, of the details; if not, the reasons for that?

Reply:

President,

Having consulted the Food and Health Bureau (FHB), the Education Bureau (EDB) and the Commerce and Economic Development Bureau (CEDB), my consolidated reply to the question raised by the Hon Kenneth Lau is as follows:

Many video games available in the market could be downloaded for free and some of them would lure players via various promotional tactics into making payments ("in-game purchases") during the game. For games which could be downloaded for free, the so-called "in-game purchases" become the major income source of game developers.

I note that virtual tokens are used in some video games for exchanging various types of virtual commodities (such as characters, props) to enhance competitiveness and experience of players in the games. Generally speaking, it is not a must for players to purchase virtual tokens. They can choose to obtain virtual tokens by participating in the games; but the process takes time and the amount of free virtual tokens obtainable may also be subject to a daily limit. Players who wish to obtain more virtual tokens within a short period of time to exchange for extra or better characters and props may choose to make "in-game purchases" as a shortcut.

In fact, the Consumer Council conducted a study early this year on promotion of "in-game purchases" in mobile games. As indicated in the relevant report, game developers would lure players into making "in-game purchases" via various promotional tactics in the game. Five common promotional tactics for "in-game purchases" are stated in the report. Apart from virtual lucky draws mentioned by the Hon Lau in the question, the other four common tactics for such purpose are: (1) offering "first-time purchase reward" to attract players to pay for virtual tokens for the first time; (2) offering "time-limited reward" to limit the time and quantity of virtual commodities available for sale; (3) offering "exclusive privileges" (for example, better/more characters and props) for players who make perpetual "in-game purchases"; and (4) making pervasive promotion to players on the advantage in the games from "in-game purchases" whenever they log into the game interface. As pointed out by the Consumer Council, the above-mentioned promotional tactics deployed by game developers may cause over-spending of players for the sake of "winning" in the games.

Regarding virtual lucky draws in video games especially mentioned by the Hon Lau in his question, the Consumer Council states in its above-mentioned report that many game developers give away virtual characters and props of different powers in the games in the form of lucky draws, which is one of the promotional tactics to lure players into making "in-game purchases". Depending on their actual operation, these virtual lucky draws may constitute an act of gaming. Online gaming, like gaming activities of other forms, is subject to regulation under the Gambling Ordinance (Cap. 148). The Government established the Ping Wo Fund (the Fund) in 2003 to finance preventive and remedial measures for problems arising from gambling. To address problems related to illegal online gambling, since last year, the Fund has accorded priority to financing those events which are related to the prevention of online gambling activities. The Fund will continue to promote the anti-gambling message to the general public through various channels.

As regard complaints related to video games, according to the CEDB, from 2016 to May 2021, the Customs and Excise Department (C&ED) received a total of 30 complaints relating to the virtual lucky draw functions. Over the same period, the complaints related to video games received by the Consumer Council mainly involved price disputes, quality of goods or services, variation or termination of contract, late or non-delivery of goods or services, and more. The Consumer Council does not maintain a separate record on the number of complaints related to the virtual lucky draw functions.

In general, upon receipt of any complaints involving unfair trade

practices, the C&ED will review the content of each complaint, decide whether initiating investigation in light of the circumstances of the complaint; and make prosecution decision when there is sufficient evidence.

Separately, if consumers encounter unfair transactions (such as goods or services not corresponding to descriptions, delay in delivery or dissatisfaction with the service), and are unsuccessful in their negotiations with the traders concerned, they can lodge their complaints with the Consumer Council. The Consumer Council will handle the complaints and assist in resolving the disputes between the traders and complainants through conciliation.

As regards the so-called addiction to "in-game purchases", it in fact means over-spending in games for obtaining better playing experience. In response to the problems related to the addiction to video games, different government departments, non-governmental organisations, schools and other bodies have been providing various types of services and programmes. According to the FHB, the Government set up the Advisory Group on Health Effects of Use of Internet and Electronic Screen Products (Advisory Group) in 2013, comprising representatives from the EDB, the Social Welfare Department, the Department of Health (DH), the social welfare sector, relevant Colleges of the Hong Kong Academy of Medicine. The Advisory Group published the "Report of Advisory Group on Health Effects of Use of Internet and Electronic Screen Products" (the Report) in 2014 with recommendations for children, adolescents, parents and teachers on the healthy use of the Internet and electronic screen products. The Report has been uploaded onto the website of the DH.

The DH also produced a set of four modules of recommendations for parents, teachers, primary and secondary students respectively and set up a designated webpage for members of the public to search, browse and download relevant health information and resources.

In addition, the Adolescent Health Programme provided by the DH's Student Health Service covers basic life skill training and topical programmes to promote psychosocial health of the adolescents in secondary schools. It is an outreaching service provided by professional staff through activity approach to promote the development of correct attitudes and problem-solving skills of the adolescents for facing the challenges of growing up, including topics and seminars targeting at students and parents on the healthy use of the Internet and electronic screen products.

Separately, the EDB has provided schools with teaching materials for Personal Growth Education lessons and other information related to prevention of Internet addiction, and relevant training for teachers and social workers so that they can help and refer students with the problem of Internet addiction to receive necessary services. Besides, schools are staffed with professionals, including guidance personnel, school social workers and school-based educational psychologists, to provide students in need (including students with problem of Internet addiction) with necessary support and referral services.