The Hidden Crisis: Understanding Gambling Addiction's Impact on Your Members and What Credit Unions Can Do About It

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MICHIGAN CREDIT UNION LEAGUE
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The Hidden Crisis: Understanding Gambling Addiction's Impact on Your Members and What Credit Unions Can Do About It

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Hope | Support | Solutions

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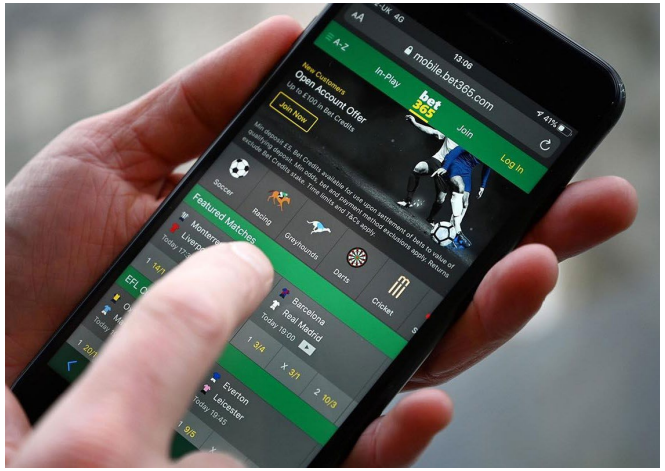
Objectives

- Recognize financial and behavioral red flags that may indicate emerging gambling problems.
- Explain how modern gambling products influence decision-making and financial behavior.
- Describe how financial institutions are responding to gambling-related harm and identify strategies relevant to credit unions.
- Identify practical ways credit unions can support member financial wellbeing through awareness, outreach, and referral pathways.

“Coming together is a beginning. Keeping together is progress. Working together is success.”
— Henry Ford

Why This Conversation Matters

- Gambling has become more accessible than ever
- Mobile betting allows 24/7 access
- Financial harm often appears before clinical signs
- Credit unions are often the first systems to notice changes





Proliferation of Legal Gambling

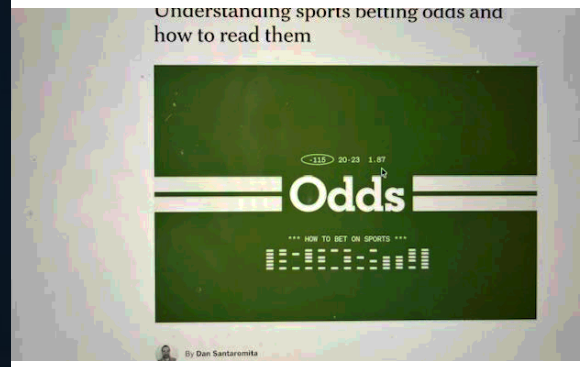








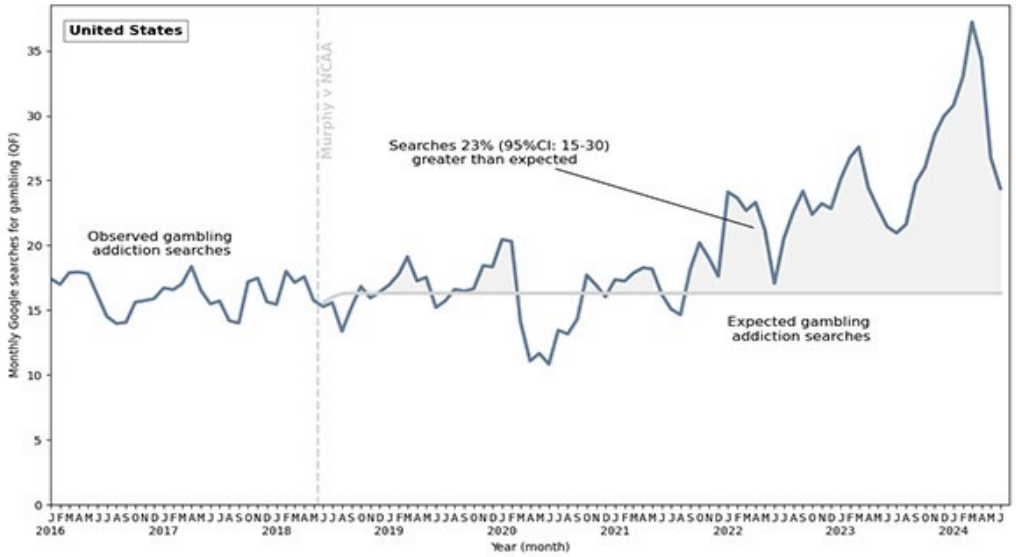






Yeola, A., Allen, M. R., Desai, N., Poliak, A., Yang, K. H., Smith, D. M., & Ayers, J. W. (2025). **Growing Health Concern Regarding Gambling Addiction in the Age of Sportsbooks.** *JAMA internal medicine*, e248193.

Monthly internet searches for gambling addiction in the U.S. grew from January 2016 to June 2024



State Increases in Gambling Help Seeking

- Opening of sportsbooks corresponded with increased demand for gambling addiction help seeking:
  - Illinois (35%)
  - Massachusetts (47%)
  - **Michigan (37%)**
  - New Jersey (34%)
  - New York (37%)
  - Ohio (67%)
  - Pennsylvania (50%) and
  - **Virginia (30%)**

MI Key Helpline & Problem Gambling Data

- **Rising Call Volume:** Statewide helpline calls more than doubled from 1,591 in 2020 to 3,471 in 2023,
- **Online Dominance:** Online gaming accounts for approximately 40% of all referrals to state-funded problem gambling treatment.
- **Financial Repercussions:** Bankruptcy attorneys report a spike in massive iGaming debts, with some individuals accumulating hundreds of thousands of dollars in losses.
- **National Ranking:** Michigan ranks highly in iGaming revenue but 49th out of 52 states and territories for online gambling protections.

What Is Gambling?

Gambling involves risking something of value—often money—with the hope of gaining something of greater value. It is a widespread activity:

- 85% of U.S. adults have gambled at some point in their lives.
- The majority experience no major problems.
- However, about 2–3% of adults (4–6 million people) develop significant issues related to gambling.
- Around 1% meet the clinical criteria for gambling disorder, with even higher rates among adolescents and young adults.

3 C’s Of Addiction

Gambling addiction shares core features with substance use disorders. These are often referred to as the **3 C’s**:

1. **Cravings** – intense urges to gamble.
2. **Loss of Control** – inability to limit time or money spent gambling.
3. **Continued Use Despite Negative Consequences** – financial ruin, damaged relationships, or academic failure, like we saw with John.

Why Is Gambling So Compelling?

The Role of Uncertainty

- A defining feature of gambling is **uncertainty**—the unpredictable nature of outcomes.
- Modern studies support this attraction to uncertainty. In one such study, participants preferred uncertain rewards (e.g., 3–5 points randomly) over guaranteed but smaller rewards (e.g., 5 points consistently), even when it meant they earned less in the long run.
- The key takeaway? **It's not just about winning—it's about the thrill of not knowing (Fiorillo, et al., 2003).**

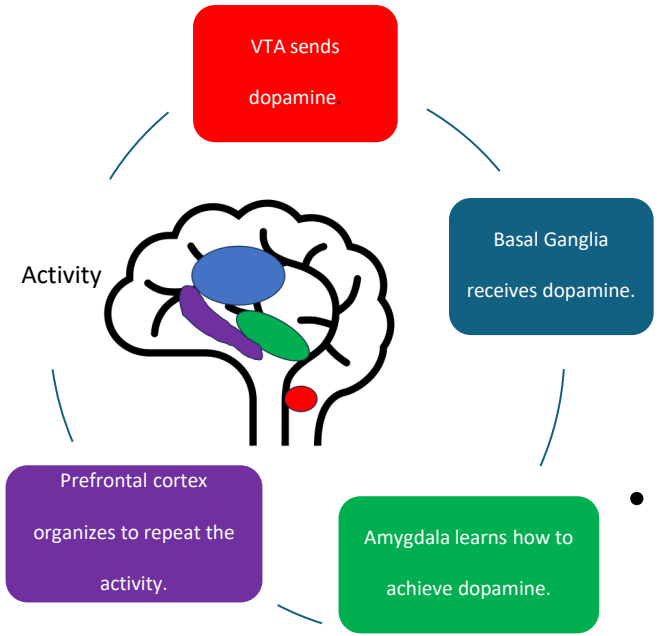
What is Dopamine?

Dopamine is a chemical messenger involved in:

- Pleasure and reward
- Learning
- Motivation
- Risk-taking and novelty-seeking behavior

- Gambling triggers **massive dopamine release**—similar to what occurs with drugs like cocaine. But the most powerful dopamine surges happen not just during the win, but during the **anticipation** of a win.

Repetition and Sensitization: More Focused Craving

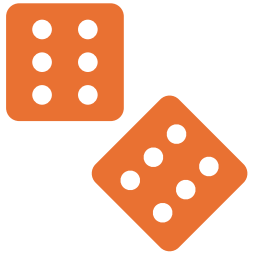


- With repeated gambling, the brain undergoes a process called **sensitization.**
- Dopamine release becomes more responsive to gambling cues—like seeing a casino, hearing a machine sound, or opening a betting app.
- However, this doesn't necessarily mean the person enjoys gambling more.
  - They may want it more, but like it less **(incentive-sensitization).**
  - Craving becomes intense and intrusive, even if actual gambling is no longer pleasurable.

Over time, the brain's dopamine system adapts:

- Dopamine receptors downregulate (i.e., become less sensitive).
- The same gambling behavior no longer produces the same "high." **(Tolerance)**
- **Natural rewards** (like socializing, hobbies, food) become less stimulating. The brain becomes narrowly tuned to gambling as the only rewarding activity.

Gambling Product Design: Intermittent Reinforcement



Gambling operates on an intermittent reward schedule, where wins are:

Random

Unpredictable

Infrequent, but powerful



Intermittent reinforcement is known to:

Create **strong habits**

Make extinction (quitting) difficult

Generate excitement and compulsion, even in the face of repeated losses



Visual and Auditory Cues

Flashing lights, celebratory sounds, and rapid animations: Bells, flashing lights, celebratory animations, and vibrating reels that trigger during wins—or even small losses.

- Heightens arousal and anticipation
- Creates overestimations of wins

Near-Misses/Losses Disguised as Wins

- A near-miss (e.g., two cherries and the third just above the win line) activates the brain's reward circuitry almost like a real win.
- Losses disguised as wins, multi-line slot machines often show celebratory graphics and sounds when only a partial payout is won (e.g., bet $20, win $15).
- The brain reacts as if it were a win, reinforcing the behavior despite net losses.
- This motivates continued play, even though the outcome is a loss.



Speed and Immersion

Machines today are computerized and extremely fast. This rapid pace contributes to:

- Faster learning of gambling behaviors
- Greater dopamine exposure
- Increased risk of entering a state researchers call “dark flow,” a dissociative, trance-like state where time and money lose meaning



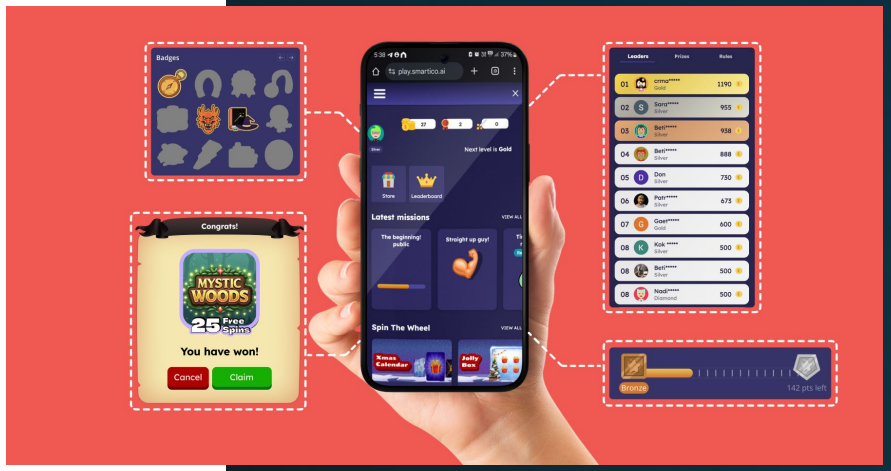
- Why it’s addictive: More bets per minute = faster dopamine hits, faster financial loss, and less time to reflect.
- Effect on the brain: Enhances dopamine-based learning, strengthens habit formation in the dorsal striatum, and weakens inhibitory control in the prefrontal cortex.

Gamification and Mobile Apps

Many gambling apps use the same techniques as addictive video games:

- Leveling systems
- Variable rewards, reward tiers, levels, bonus games
- Social sharing and competition

- They can be accessed anywhere, anytime, making them harder to avoid or quit.



Personalization Algorithms

- What it is: Gambling apps track user behavior to adjust offers, incentives, or game types to keep people engaged.
- Why it’s addictive: Creates a tailored reinforcement loop, optimizing timing, offers, and bonus triggers to the user’s play style.
- Effect on the brain: Increases anticipation and engagement, driving more dopamine release via contextual learning



The Bigger Picture: Psychological Manipulation

Gambling is not just about luck or chance - it is a psychological experience meticulously designed to:

- Exploit our desire for control
- Distort our perception of winning
- Hijack our brain’s reward system

- And while many people can enjoy gambling recreationally, for some, it becomes a relentless cycle of craving, chasing, and negative consequences.

Credit Unions & Community Wellbeing

- Relationship-centered financial institutions
- Staff recognize long-term financial patterns
- Early recognition can prevent financial crises
- People helping people aligns with prevention and support

Why Credit Unions See Harm Early

- Financial patterns appear before treatment seeking
- Escalating transactions
- Overdrafts and emergency borrowing
- Rapid account movement



Transaction Pattern Red Flags

- Frequent deposits = Larger deposits over time
- Increasing transaction frequency
- Reduced time between transactions
- Late-night transactions
- Repeated small payments



Account Behavior Red Flags

- Overdrafts despite regular income
- Savings depletion
- Frequent transfers between accounts
- Missed payments

Lending & Borrowing Indicators

- Personal loan requests
- Credit line increases
- Cash advances
- Debt consolidation requests

Why Gambling Activity May Be Hidden

- Merchant codes are not always clear
- Third-party payment systems complicate detection
- Digital wallets obscure transactions
- Pattern recognition is critical



Common Workarounds

- Payment apps such as PayPal, Venmo, and Cash App
- Digital wallets
- Prepaid cards
- Cryptocurrency platforms



What This Looks Like Financially

- Frequent transfers to payment apps
- Multiple small transactions
- Rapid transfers between accounts
- Escalating overdrafts

The Human Impact

- Mental health strain
- Relationship conflict
- Employment issues
- Housing instability



The Role of Credit Unions

- Recognize patterns
- Support financial wellbeing
- Maintain trust
- Connect members to resources

How to Have the Conversation

- Use supportive, nonjudgmental language
- Focus on financial wellbeing
- Offer support and resources
- Maintain dignity and trust

Why Early Intervention Matters

- Prevents severe debt
- Reduces financial crises
- Improves recovery outcomes
- Supports family stability



Resources & Referral Pathways

- Michigan Problem Gambling Helpline: 1-800-270-7117
- 1-800-GAMBLER
- Michigan Department of Health and Human Services
- Michigan Association on Problem Gambling

Building a Supportive Culture

- Normalize conversations about financial stress
- Reduce stigma
- Promote financial wellness
- Encourage help-seeking

Key Takeaways

- Gambling harm often appears financially first
- Patterns matter more than isolated transactions
- Gambling activity may be hidden
- Compassion and support matter

“Alone we can do so little; together we can do so much.” — Helen Keller

- Credit unions have always been grounded in trust, community, and people helping people.