



**MOUNT
KELLY**

Boarding and Day School
Boys and Girls, Aged 4-18

Safeguarding Bulletin

ISSUE 20

Mount Kelly's Safeguarding Bulletin aims to provide parents and carers with the information needed to have informed and age-appropriate conversations with their children about potential risks and issues in the wider world and online. This week's bulletin is on the topic of microtransactions and loot boxes.

Microtransactions figure in the business model of many game and app developers, allowing them to bring in ongoing revenue as users continue to pay for extra features and content; even software that's initially free to download can be monetised in this way. It's a system which has featured in many of younger gamers' perennial favourite franchises, from Fortnite to FIFA.

As well as encouraging regular spending, however, microtransactions – especially the increasingly common use of loot boxes – have also been scrutinised for what many argue is a resemblance to gambling, with the potential to foster addictive behaviours. The first of our **#WakeUpWednesday** guides tells parents and carers what they need to know about microtransactions.



The second of our **#WakeUpWednesday** guides takes a deeper dive into **loot boxes**. Marketed as increasing a player's enjoyment of a game, loot boxes are usually purchased or given as rewards. When opened, they unlock items for use in the game, such as better weapons or new characters to play as. Loot boxes feature in many games and are therefore available to various age groups.

One example is **FIFA player packs**, where you buy a 'pack' of players, but don't know who you're going to get when you make the purchase. They've often been criticised for emulating gambling: the odds of unlocking certain items can be astronomical, while the money being spent is often high compared to the potential reward. Regulator PEGI has now been assigned to show a purchases label on video game boxes and digital platforms, similar to the age rating that is already on these games, but it's still imperative that trusted adults understand the risks that loot boxes can pose.

What Parents & Carers Need to Know about MICROTRANSACTIONS

Microtransactions (often abbreviated as "MTX") are digital purchases made within an app or game to unlock extra features or additional content such as new levels. A popular sub-set of these are loot boxes, which contain a selection (usually random) of virtual items: from character skins to game-changing equipment like better weapons. Microtransactions (and loot boxes in particular) are now widespread in apps and games, but concerns persist that they normalise gambling and can foster addictive behaviours – especially among younger players.

WHAT ARE THE RISKS?

GATEWAY TO GAMBLING?

Microtransactions have been criticised for promoting gambling-adjacent behaviour in children. Research has also suggested that exposure to the loot box system could affect the likelihood of a young person suffering gambling harms later in life: children who purchased or used loot boxes in the last 12 months were found to be more likely to have gambled during the same period, as well.

ADDICTIVE NATURE

Microtransactions (and loot boxes especially) could lead to young people displaying compulsive behaviours. Loot boxes are designed to be addictive, and the sought-after prizes they contain are dispensed at random. This means that young gamers might not get what they want straight away, causing them to spend more money as well as additional time gaming.

PAYING TO WIN

In many popular games (the FIFA series being a notable example), microtransactions make it far easier to succeed – which is a concern because children can often find it difficult to keep track of their spending. Once a child starts making in-game purchases, they may continue buying to keep up with their friends and other players – sometimes without recognising the mounting real-world cost.

EXCLUSIVE CONTENT

DATA COLLECTION

To allow a young person to complete microtransactions, many app and game developers collect personal data such as their name, address, email, geolocation information, photos, payment details and so on. Even if this data remains secure (which is by no means guaranteed), there's always the chance that it will be used – and possibly sold on to third parties – for marketing purposes.

AFFECTING DAILY ROUTINE

Online games tend to revolve around repeated loops of activity that can affect purchasing decisions and potentially influence children's spending patterns. This could lead to your child not only handing over more money but also adjusting their daily routine to match the game's schedule – potentially impacting more important elements of their day, such as homework and family time.

SATELLITE SPENDING

If you've linked a payment method like a debit card or a PayPal account to your child's game or app, it's wise to keep a close eye on their microtransactions to ensure they aren't racking up a large bill. Letting a child have access to your card (if they're still too young to have their own) or other means of payment could also lead to them spending beyond the apps and games they normally use.

Advice for Parents & Carers

DO YOUR RESEARCH

It's important to have a serviceable idea of whether the games your child plays use the loot box system (even if it goes by a different name) or include the option of buying items, equipment and so forth. If so, it's crucial to help your child understand that this costs actual money, and that they shouldn't feel pressured into making any purchases.

CHAT ABOUT 'CHANCE'

It may help to explain to your child that many microtransactions involve an element of chance: they could pay money and *still* not get what they want in return. Emphasise that – while not usually costing much individually – these in-app and in-game purchases can soon add up. Talk to your child about how spending their money in a game or app means they have less to use in the real world.

(GIFT) CARDS ON THE TABLE

Investing in an in-game currency gift card can be a useful way of helping your child get to grips with budgeting. If you buy, say, a £10 V-bucks Fortnite gift card, monitor how long it takes them to spend it. When they come to you asking for more, you could make it the starting point for a conversation about how quickly that money went and how they could earn their next gift card.

STOP SPENDING AT SOURCE

You might decide that the wisest strategy is to remove the potential for spending money on microtransactions. If so, most games, apps and devices have options in their settings to help you manage what your child can spend – or to disable that function altogether, preventing them from buying additional items for their games or boosted functionality for certain apps.

WATCH FOR THE SIGNS

If you're worried that your child's passion for a particular game or app may tempt them into habitual spending on microtransactions, it's important to remember the indicators of addictive behaviour. Irritability, a lack of concentration and prioritising recreational screen time ahead of homework or mealtimes could all be signs that you need to have a conversation about a more balanced routine.

Meet Our Expert

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What Parents & Carers Need to Know about LOOT BOXES

Marketed as increasing a player's enjoyment of a game, loot boxes are usually purchased or given as rewards. When opened, they unlock items for use in the game, such as better weapons or new characters to play as. Loot boxes feature in many games and are therefore available to various age groups. They have often been criticised for emulating gambling: the odds of unlocking certain items can seem astronomical, while the money being spent is often high compared to the potential reward. It's imperative that trusted adults understand the risks that loot boxes can pose.

WHAT ARE THE RISKS?

MOUNTING COSTS

Loot boxes can be bought with in-game currency or earned as rewards for completing tasks – but many of them are paid for with real money. Prices vary from game to game, and purchases can stack up quickly. It's easy for children to overspend on loot boxes, especially if they really want the item on offer – a recent study found that 31% of young gamers were unaware loot boxes actually had a cost at all.

POTENTIAL ADDICTION

The sense of anticipation, and the feeling of joy when unearthing a rare or badly wanted item, can make opening loot boxes very addictive. As the boxes give out semi-random items which vary in usefulness or rarity, players often end up striving for the less common items – as well as chasing the 'buzz' of finding one. Loot boxes can be compared to scratch cards, delivering similar highs and lows.

NORMALISING GAMBLING

Because loot boxes cost money for the chance – but no guarantee – of scooping a big reward, it's easy to see the link to gambling. Players spend a set amount of money, with no idea of what they'll get in return once the loot box is open: it could be the best item in the game, or the worst. Many games are beginning to phase out loot boxes completely to avoid breaking local gambling laws.

ADVANCED SCAMS

Most games don't let players trade the items they get in loot boxes, but a few titles do allow exchanges with other players. This could lead to young gamers being tricked or harassed into trading items they paid for or won fairly. Rare items from some games can be quite valuable and are bought and sold on the 'grey market', using external sites – leaving children vulnerable to being scammed.

Advice for Parents & Carers

CONSIDER THE ODDS

It's a smart move to check the odds on the items in the loot boxes, to see how hard it is to find a particular reward. Show your child and explain to them whether it's likely (or not) that they'll find the item they want inside the box. Of course, there's a sizeable element of chance – but if an item says it's likely to drop once out of every 10,000 boxes, it's wise to adjust your child's expectations.



RESTRICT SPENDING

Even if you're happy for your child to purchase loot boxes, it's safest to restrict how much they can spend. Options include adding a temporary payment method, or making sure they ask permission first. If a credit or debit card is linked to the gaming account, excited young players could soon run up an eye-watering bill. Ensure your child recognises how much each box costs and understands that they're using real money.

USE PARENTAL CONTROLS

Most video gaming consoles, as well as the individual games, allow parents and carers to place purchasing restrictions on the child's account. This is an effective way to avoid overspending or prevent children from buying any loot boxes in the first place. Not all games offer this feature, so it's best to investigate your options on each new game before your child starts playing it.



DISCUSS THE RISKS

Be open with your child about how much loot boxes (and individual item purchases) cost and how the system works, in terms of probability. If a child realises it's unlikely they'll get that rare reward, they may prefer to spend their money on a guaranteed item – like a skin in the online store – instead of gambling on a loot box. Outline how other people might try to exploit online trading systems to steal their valuable items.



Meet Our Expert

Daniel Lipscombe is a writer specialising in technology, video gaming, virtual reality and Web3. He has also written 15 guidebooks for children, covering games such as Fortnite, Apex Legends, Valorant, Roblox and Minecraft. With work published by the likes of PC Gamer, Kotaku, Pocket Gamer and VG247, he has reviewed more than 50 games and products over the past year.



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