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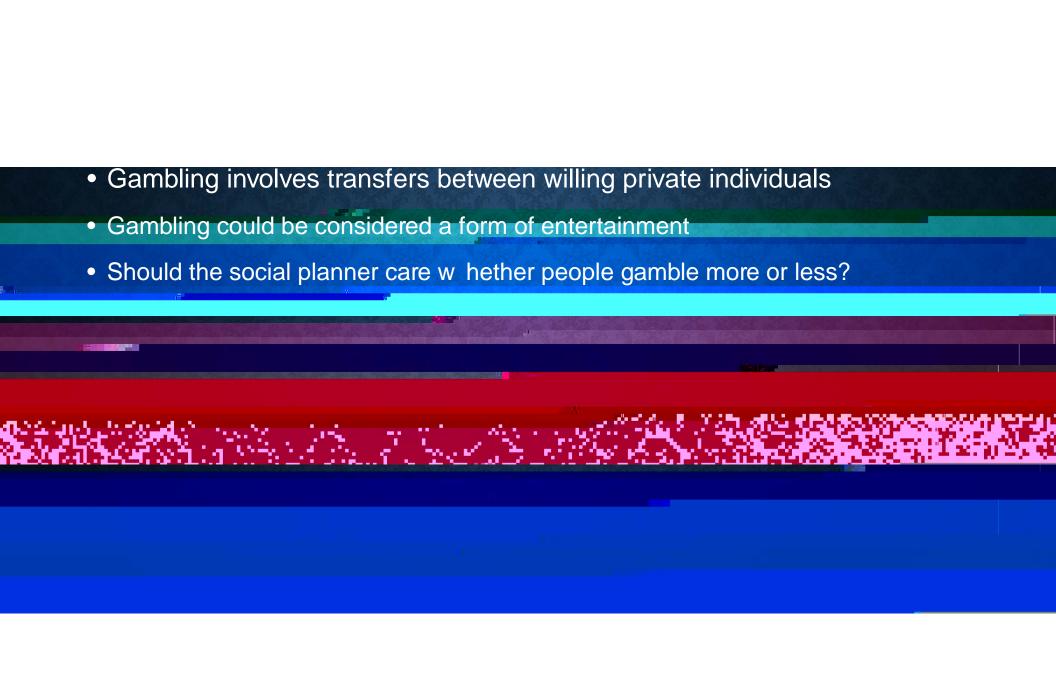
FTC Microeconomics Conference

November 13, 2015

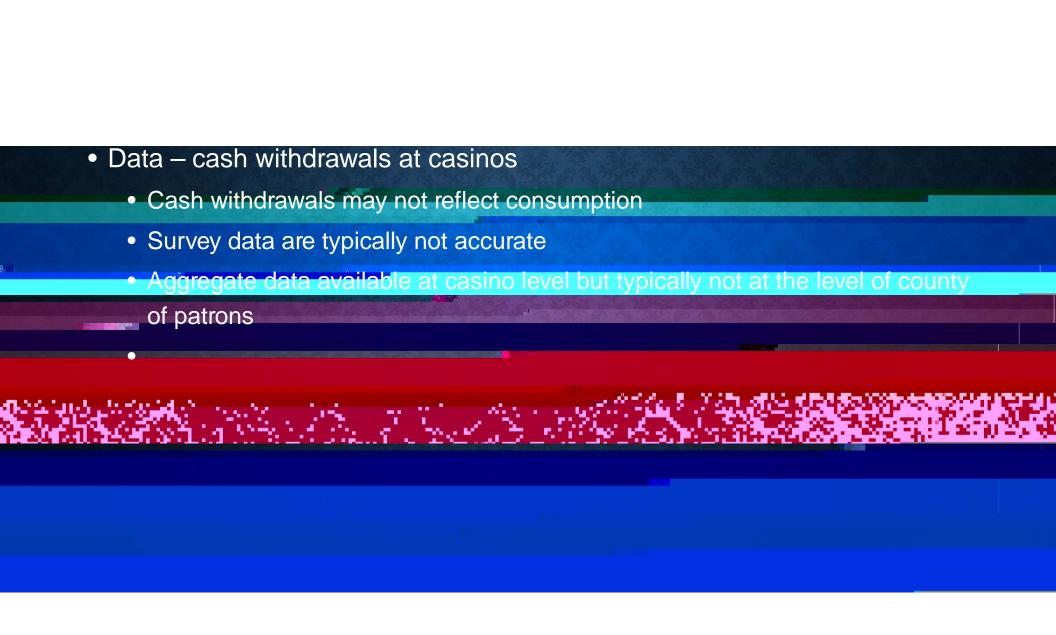
- Research question
  - Does the availability of lottery lin ked savings accounts affect gambling behavior?
  - Are financial gambles substitutes for casino/lottery gambles
- Research methodology
  - Lottery-linked savings accounts were introduced in Nebraska in 2012.
  - These were available only in select counties.
  - Difference in-difference approach comparing the pre-post difference for these counties with adjacent counties in while these accounts were not available
  - Dependent variable gambling activity as measured by cash withdrawal at casinos

## Results

- Consumers in counties with lottery linke d savings account availability reduced their cash withdrawals at casinos relative to the control counties
- This reduction was primarily a result of fewer casino visits rather than a smaller amount in each visit
- They reduced their purchase of scratch lottery tickets
- The reduction was primarily for consumers who infrequently or never used.
  credit cards for withdrawing cash, and we is remote likely to reduce withdrawait to of cash they had in their accounts
- The effect was largely on local non-destin ation casinos, and closer to the time of the lottery on the savings account



- Gambling industry revenues are over \$95 (AGA)
  - State lotteries constitute ~ 25%
  - Casinos (commercial and tribe-owned) constitute ~ 65%
- ~ 33% of Americans regularly participate in some form of gambling
- Casino gamblers have above average incomes & wealth (Gallup 2003)
- Scratch lotteries are patronized more by the poor than casinos, but it is still not disproportionate to population (Gallup 2003)



- Is this a natural/quasi experiment?
  - The counties where lottery-linked savings accounts are available were not randomly selected
  - Identification relies on no systematic diff—erences in pre-post differences in outcomes for treated and control counties other than treatment
  - The absence of differences in trends in the pre-treatment period is good
  - But need to make the case that nothing el

- Make a stronger case for why we it is policy relevant
  - Is there a net increase in savings rate?
  - Is the reduction in gambling more likely for consumers with low savings rates?
- Make a stronger case for the validity of the empirical strategy
  - Give more information on how the counties were selected for introduction of lottery-linked savings accounts
  - . Was there any other change in policy in these counties?
- Play up the result on greatest effect closer to lottery date
  - This is the most convincing result, in that it is hard to explain it through the effect of other changes (e.g. advertising).

