

## Effects of Gambling on the Welfare of Nigerian Youths: A Case Study of Lagos State

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### Abstract

With the increasing rate of youth unemployment in the country, Nigeria's youths have invested their time, money, and intrinsic efforts in several gambling avenues, such as Baba Ijebu, Naira Bet, Western Lotto Bet, and others. These commitments provide them with financial resources to meet daily expenses, augment low incomes arising from unemployment, and help mitigate the rising crime rate that results from the high unemployment rate. The overall unemployment rate for the population is 70%, and youth unemployment accounts for about 58%. This study examined the participation of youths in gambling in Lagos State and the effects of youth gambling on household welfare and spending. A two-stage survey design was used: a qualitative component comprising targeted focus group discussions and probit modelling to estimate the importance of the identified challenges. The results showed that Nigeria's unemployed youths have an intense interest in gambling to sustain their income sources and to meet their daily spending needs. These activities have reduced crime rates orchestrated by youths, with rising displacement effects on household welfare and spending. Gambling thus has adverse effects on youth welfare. The authors recommend that the Lagos State Government embark on formalizing all gambling activities to protect gambling youths, as well as on strengthening tax revenue collection through the introduction of a "win tax."

**Keywords:** gambling, Baba Ijebu, Naira Bet, sources of financing, probit model

### Résumé

Le Nigéria connaît un taux croissant de chômage chez les jeunes, et les jeunes Nigériens investissent leur temps et leur argent et consacrent d'intenses efforts dans plusieurs domaines de jeu tels que le Baba Ijebu, le Naira Bet, le Westen Lotto Bet, etc. pour tenter de couvrir leurs dépenses quotidiennes. Cela contribue à réduire le taux de criminalité qui aurait été important en raison du taux élevé de chômage qui est de 70 % pour l'ensemble de la population, et d'environ 58 % chez les jeunes.

Compte tenu de ce taux élevé chez les jeunes dans le pays, l'étude a permis d'examiner le niveau de participation des jeunes aux jeux dans l'État de Lagos. On a en outre examiné les effets du jeu des jeunes sur le bien-être et les dépenses des ménages. Les méthodes utilisées dans l'étude incluent : un plan de sondage en deux étapes, une composante qualitative qui comprend les discussions de groupe ciblées et la modélisation probit pour estimer l'importance des défis recensés. L'étude révèle que les jeunes chômeurs nigériens ont tout intérêt à jouer pour préserver leur source de revenus et couvrir leurs dépenses quotidiennes. Ces activités ont contribué à réduire le taux de criminalité observé chez les jeunes, mais on a constaté des effets de déplacement croissants sur le bien-être et les dépenses des ménages. On conclut que le jeu a des effets néfastes sur le bien-être des jeunes et on recommande donc au gouvernement de l'État de Lagos d'encadrer de manière formelle toutes les activités de jeu afin de protéger les jeunes joueurs et de renforcer le recouvrement de recettes fiscales grâce à la mise en place d'un « impôt par gagnant. »

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## Introduction

The gambling<sup>1</sup> industry in Nigeria has grown substantially in household penetration and revenue generation. Almost every household in the country has at least one member of the family who gambles. The geometric growth rate of gambling is astounding in terms of its availability, forms, and monetary equivalent. Its various forms, including lotteries, casinos, gaming, and pool betting, differ in popularity among different groups and classes of people. The year 2000 revolutionized the world of gambling in Nigeria as the industry embraced this tremendous growth in number of gambling organizations and participants by rapidly increasing activities and introducing various modes and facilities. In 2017, there were over 10,000 gambling outlets and over 100,000 participants in Lagos State alone (Lagos State Lottery Board [LSLB], 2017). The proliferation of gambling has seen the industry diversify from early gambling modes such as casino gambling and national lotteries to newer modes such as sports betting and online betting.

Recently, sports betting has grown in popularity and remains the number one gambling activity in Lagos State and Nigeria in general. As of March 2018, 33 promoters were registered to promote gambling. The gambling industry is regulated by the National Lotteries Board and guided by the National Lotteries Act of 2005. Lagos State is guided by the Lagos State Lotteries Law of 2004. However, because of the expansion of the gambling industry, with new games being introduced and in light of technological advancements, many facets of the law related to lottery and

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<sup>1</sup>Gambling in the context of this report is defined as staking valuables such as money and property in the hope of winning a prize where the outcome depends on the outcome of underlying events in which the stake was made. The outcome of the event is unknown to the gambling participants.

gaming have become obsolete. This has created challenges for regulators and policy makers, as existing regulatory frameworks and policies are weak and inadequate for regulating all gambling and betting activities in the country, particularly in Lagos State.

Furthermore, the lottery and gambling industry is associated with undesirable socioeconomic issues. For example, gambling participation may negatively affect gamblers through financial and family distress caused by gambling, as well as through negative consequences imposed on the community, such as increased crime (Kearney, 2005). It is thus important to achieve a balance between the need for government revenue and the social costs that accompany legalized gambling.

In Lagos State, the nominal gambling-related tax revenue increased during the past decade, specifically between 2002 and 2016 (LSLB, 2017). The revenues obtained mainly through gaming in Lagos State total about 700 million Naira (Maikori, 2014). Over time, more taxes are being levied on the sector; for instance, a withholding tax on winnings was introduced in 2014 (Maikori, 2014). Despite the introduction of different taxes, the gambling industry is still perceived as an unexploited potential tax base that could be tapped into to finance some of the priorities in the state budget. Undoubtedly, in some countries, the gambling industry has generated substantial resources to fund government priorities and create jobs. For instance, in South Africa, the gambling sector, with a gross domestic product multiplier of 2.0, contributed 0.77% to the national economy in 2012 and accounted for 1.7% of the non-agricultural formal employment in South Africa (South Africa National Gambling Board, 2014).

From this background, in this study we attempted to meet the demand for comprehensive data and information related to gambling in Lagos State, its prevalence, and the related effects on household welfare. The study provides insights for government and other non-state actors regarding the state of gambling in Lagos State. The results can be used to inform policy makers and legislators on the reform process and on current initiatives towards improving the gambling industry. Specifically, the study seeks to examine the following research questions:

1. What is the level of youth participation in the gambling industry?
2. What is the impact of various aspects of gambling on household welfare and the state at large?
3. Is there any regulatory board on gambling? If yes, how adequate and effective is it?

As the gambling industry continues to grow in popularity and prevalence, a sound understanding of the sector and its effects on the welfare of Nigerian youths, specifically in Lagos State, is imperative. We aimed in this study to investigate the effects of gambling on household welfare, such as meeting daily financial needs, as well as displacement effects and other implications of gambling.

## Method

### Data Sources and Rationale

Understanding the effects of the gambling sector on aspects of society necessitates the use of both qualitative and quantitative survey approaches to ensure a comprehensive perspective of the issue. In this study, therefore, we adopted both qualitative and quantitative survey methodologies. The quantitative data were collected through interviews with gamblers and managers at gambling outlets. We further sampled some households in which gamblers reside. The qualitative information, in particular the effects of gambling on welfare, was garnered through a series of focus group discussions in targeted areas. The survey was undertaken in May 2018, and stakeholders' interviews were conducted in June 2018.

To address questions about the level of participation and prevalence of gambling among Lagos State residents, we conducted a household survey. The survey design was based on a two-stage stratified and random sampling procedure, and stratification was based on the level of participation in gambling activities. The more urbanized areas were likely to have more gambling activity than were the rural areas. We used the list of selected gambling outlets in the state, with the districts grouped by level of activity (high, middle, and low gambling activities) and drawn by using probability proportional to size. A total of 100 enumeration areas (EAs) were sampled, this limitation being due to budgetary constraints. Furthermore, the EAs were stratified by randomly selecting 15 households in each area. During the listing of all households in the EAs, a question was posed to determine whether any member of the household had participated in any gambling activities in the past 6 months.

After the listing, households were categorized into gambling and non-gambling households. Ten households were randomly selected from gambling households and five were selected from non-gambling households. Probability weights were used to adjust for this sample selection design. The probability weights were adopted to overcome the bias associated with sampling large numbers of non-gambling households. In EAs where fewer than 10 households were identified as gambling households, more non-gambling households were sampled. A total of 300 households were sampled by using simple random sampling. Thereafter, all youth members of the household aged between 18 and 35 years were eligible for a personal interview, this criterion selected because individuals of this age range are the most active in gambling in the country.

In determining the sample size, the degree of precision and reliability desired for survey estimates, cost, and operational limitations were taken into consideration. Because of the non-response rates, 237 households were sampled that provided full information, which translates into a 79% response rate. Because every youth member of the sampled household was eligible to participate in the survey, in total, 300 individuals were interviewed. The survey covered socioeconomic characteristics and participation in gambling activities. Other information collected include frequency of

participation, gambling expenditures, gambling winnings, budgetary behaviour regarding gambling, perceptions of gambling, employment status, monthly expenditures, and information on the effects of gambling on household welfare.

To better comprehend the gambling industry, we visited gambling outlets in the respective EAs to administer a questionnaire to gamblers who were gambling on the day of the interview. At the EA level, we targeted 10 gamblers and, in total, administered questionnaires to 23 respondents in each local government area (LGA). The information collected from the gamblers' survey was used to confirm some of the perceptual responses collected at the household level because the household survey targeted both gamblers and non-gamblers. For each gambling outlet visited, a questionnaire was administered to the person in charge of the outlet. In sum, we visited 48 branches spread across the five LGAs in Lagos State: Agege, Ado Odo, Ikorodu, Ikeja, and Mushin. In addition, the person in charge of the outlets surveyed was a useful source of information about gambling business, licenses, and jobs created by the industry.

The survey was supplemented by a qualitative component comprising the discussion group; this group provided more in-depth feelings, attitudes, perceptions, and beliefs as cited by respondents in the survey. Key informant interviews were conducted with relevant stakeholders comprising key operators of different gambling modes (Baba Ijebu, Naira Bet, and other sports betting operators) in the state.

## Design

The conceptual framework for the study (see Figure 1) provides a snapshot in order to assess the effects of gambling on the welfare of Nigerians, specifically youths in Lagos State. The framework revolves around gamblers, their households, regulatory documents, and welfare indicators.

The description of the conceptual framework is presented in Table 1, which shows the indicators and data requirements.

## Modelling the Determinant of Participation in Gambling

Nwinge, Yusuf, and Okoruwa (2012) found that education and professional occupation have an adverse effect on gambling. This association offered an insight into



Figure 1. Conceptual framework for the present study.

Table 1  
*Effects on Welfare in Retrospect*

Variable	Indicator	Data	Method of Data Gathering	Analysis of Cells
Personal gambling	Gambling expenditures as a percentage of personal spending	Estimates of monthly expenditure and monthly gaming expenditures	Household survey	Individual gamblers
Performance (work and school)	Increased likelihood of unemployment due to gambling	Prevalence of negative effects on work and school	Household survey	Individual gamblers
Public attitudes	Citizen-positive or -negative attitudes towards gambling	Community member perceptions	Survey/personal interview	Individual gamblers and community
Entertainment - pleasure	Time spent gambling or enjoyment in spending proceeds from gambling	Gambling self-rated enjoyment in spending time on gambling	Household survey and gamblers' survey	Individuals
Social relationships	Impact on children, spouses, and family	Household and community perception of gamblers	Household survey and personal interview	Individuals
Welfare effects	Expenditure displacement effects, time management effect, and psychological (age) effect	Gambling competing activities, correlation between age and gambling	Personal interview	Individuals

*Note.* Adopted from Antielski Management Inc. (2008) with modifications to suit the Lagos State gambling context.

the determinants of gambling participation. Other studies reported that demand for and participation in gambling is influenced by several factors, including age, gender, educational attainment, monthly expenditures, and community. In addition, Nwinge et al. (2012) found that demand for gambling decreases with increasing age and income. The study concluded that males were more likely to gamble, as females were considered to be more risk averse. From this background, we used field survey data in a probit model to analyse a set of individual and community factors that explain participation in gambling activities. The survey consists of qualitative data that includes age, sex, marital status, education level, and employment status. Community variables such as distance to the nearest gambling venue were also considered.

Discrete regression models are ideal to use when the dependent variable is a binary choice. Generally, either a probit or a logit model can be used, as they tend to generate more or less similar results (see Wooldridge, 2009). In this paper, we use the probit model to examine factors that are likely to influence the decision of individuals to participate in gambling or not. The model is specified as follows:

$$P(Y_i = 1/X_i) = Z(\beta_0 + \beta_i X_i + \epsilon_i) \quad (1)$$

where  $Y = 1$  if the respondent participates in the gambling industry and 0 otherwise.  $P$  is the probability that the respondent participates in gambling activities. The explanatory variables that include individual characteristics and community factors are represented by vectors of  $X$ . The parameters to be estimated in the equation are sensitivities (betas). The residual term accounts for the unexplained factors and is also included in the model.

## Results and Discussion

Our preliminary goal was to examine the overall perspective of gambling among youths in Lagos State, as indicated by the survey findings. In particular, our aim was to highlight the level of gambling participation among youths by dividing the results into two main parts: demographics and the types of games that youths engage in, concentrating on their selected modes of gambling, such as sports betting, playing lotto, pool betting, and online betting.

Our findings show that one of every two youths (50.7%) sampled in Lagos State had engaged in some form of gambling in the 6 months preceding the survey. Of all gambling modes, sports betting was the most highly patronized (32%). This is premised on the fact that this mode remains the most accessible of all modes considered in the survey. Moreover, there is growing interest in watching sports activities such as England's Premier League, La-Liga, and UEFA Champions League, among others. Lotto and online betting were being followed with increased interest. In fact, some of the respondents believed that the rate of growth in online betting is substantial and had high expectations that this mode may overcome sports betting in the years to come. In total, 78.2% of the sampled youths

participated in gambling, the main reason being that they hope to make a wind-fall to support their low income level because they are underemployed. The unemployed participants suggested that money received as a result of gambling would be used to support their living expenses. Among the sample, 21.8% were non-gamblers who abstained from gambling for the following reasons: (1) lack of interest (20.3%), (2) cultural grounds (18.8%), (3) religious considerations (15.9%), (4) unavailability of gaming facilities (10.5%), and (5) inadequate idle cash to stake in gaming activities (27.2%).

We considered several features of youths who participate in gambling in order to answer the first question raised by the research. The findings indicate that male youths were more inclined to gamble than female youths were. The male-to-female participation rate was significantly high. For sports betting, 89.2% were males and 1.8% females; for playing lotto, 90.2% males and 0.8% females; for pool betting, 92.5% males and 0.75% females, and for online betting, 89.7% males and 10.3% females. The propensity to resist gambling was significantly higher for females (85.9%) than it was for males (48.2%). The most reasonable explanation for these results is that the expenditures provided by males (specifically youths) are higher than those provided by females and so the issue of the unemployment rate among males is relevant. In examining lower income youths and gambling activities, we found that these youths spend disproportionately more income and time on gambling activities than do youths who earn higher incomes. Unemployed youths, in contrast, gambled less than employed youths did. The majority of the unemployed were involved in sports betting (72.9%) because it is relatively cheaper and requires less technology than does playing lotto or online betting. The cost of a single sports betting game is as low as 100 Naira. Furthermore, both those who had paid employment and those who were self-employed participated more in gambling than did those who were unemployed. Those with paid employment were, however, less likely to participate in gambling activities than were those who were self-employed. This is because the majority of self-employed youths have more time and available income than do youths who have paid employment. Table 2 shows the frequency of sports betting in youth in relation to their employment status.

Table 2  
*Frequency of Youth Betting on Sports and Employment Status*

Betting frequency	Youth Participants (%)	Employment Status (%)	
		Employed	Unemployed
Daily	52.6	29.8	10.2
Once per week	28.9	46.4	22.9
Once every 2 weeks	10.2	10.8	50.5
Once per month	5.1	8.3	15.3
Once per quarter	2.6	4.7	1.1

*Note.* Compilation and calculations are based on the gambling survey (2018).

### Empirical Analysis of Youth Participation in Gambling

We modelled the determinants of youth participation in gambling activities. The dependent variable, participation in gambling activities, had a binary response (0 for no and 1 for yes). The determinants were extracted from the questionnaire and included characteristics of the respondents such as age, gender, marital status, education status, and employment status, as well as distance to the gambling outlet. The structure met the specifications of a probit model and was estimated by using Stata econometric software. The result is depicted in Table 3.

The results show that there is a possible significant and positive association between age and youth participation in gambling, meaning that an additional year in age increases the chances of youth participation in gambling activities. However, the control variable included in the model to represent the life cycle effects (effect of age squared) shows that there is a certain threshold after which youth participation in gambling activities declines with age. Although gender was not statistically significant in the model, the relationship between gender and youth participation in gambling activities cannot be overlooked. For instance, the qualitative analysis indicated that female youths also participate in gambling activities and that their numbers have recently started to increase for online betting. Proximity to the gambling outlet does not significantly influence the participation of youths in gambling activities; initiating gambling does not necessitate one's physical presence in the gambling outlet, as it can be done through telephone conversations, a willingness to gamble, and availability of money.

Employment status seems to have a positive and significant relationship to youth participation in gambling activities. The empirical result shows that those who are

Table 3  
*Determinants of Youth Participation in Gambling Activities*

Regressor (Youth Gambling = 1)	Sensitivity	Standard Error	Probability > Z-Statistics
Age	0.142**	0.049	0.033
Gender	0.865	0.208	0.305
Distance to gambling outlet	0.017	0.182	0.823
Education status	-0.021	0.315	0.515
Marital status	0.186	0.201	0.147
Employment status	0.338*	0.194	0.074
Average	-2.137*	0.038	0.002
Controls			
Age (squared)	-0.014**	0.002	0.018
Youth cohabitation	0.215	0.117	0.405
Diagnostic statistics			
Pseudo <i>R</i> squared	0.25		
Number of observations	1,604		

*Note.* Underlying data are from the gambling survey conducted in 2018. The probit model was estimated by using Stata Statistical software version 14. \* = 99% and \*\* = 95% confidence levels.

working are more likely to participate in gambling activities. This is in line with the findings from the qualitative assessments; thus, compared with their non-working counterparts, employed youths are more likely to participate in gambling activities. This is not surprising because it is evident that gambling is associated with monetary stakes, which implies that those who are active participants in the labour market may use part of their income on gambling. Nonetheless, this finding runs counter to common belief that the popularity and prevalence of gambling activities results from rising youth unemployment. Table 3 shows that education status, marital status, and youth cohabitation were not significant in the model.

### **Effects of Gambling on Youth Welfare: Qualitative Assessments**

Although policy makers are relatively positive about the contribution of gambling activities to the welfare of society, especially among youths, there has been growing concern about the potential for the industry to have harmful effects on players. The gambling industry cannot focus only on revenue maximization, shortfalls in cash for gamblers, and excessive gains across several activities. It is important that policy and regulation take cognizance of the relatively high poverty and inequality levels in Nigeria, despite the expansionary trends of the gambling industry.

At the aggregate level, the effect of gambling on households and youths who engage in it was examined. About 68.5% of the sample reported that engaging in gambling activities did not have any impact on their welfare, 12.5% that gambling activities had serious effects on the welfare of their household, and 19% that gambling activities had a positive effect. Of the 12.5% of respondents who reported a negative impact, 80% singled out displacement effects on money spent on household expenditures as the major effect, whereas others reported that domestic violence and selling of household assets were outcomes of negative effects of gambling. We extended our analysis to expenditure displacement effects through responses garnered from the question, "If you were not gambling, what would you have spent the gambling amount on instead?" The responses showed that gambling has the greatest displacement effect on household necessities. It also results in dissaving, which implies no immediate displacement but instead postponement of the purchase of durable goods. The findings of expenditure displacement effects confirm the existence of rising poverty among Nigerian youths.

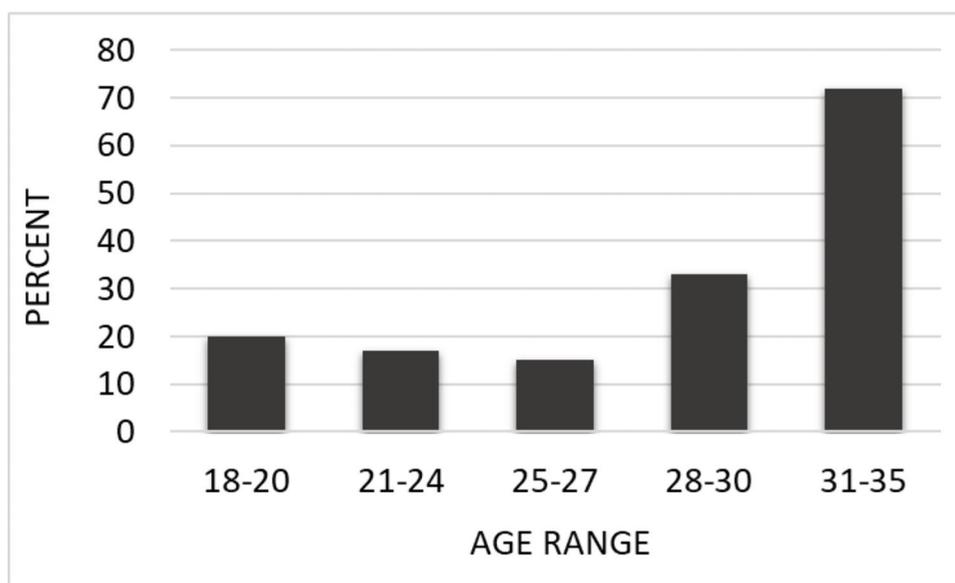
Of the 19% of the sample who gave a positive response about the welfare of gamblers and their households, 73.6% reported that proceeds from gambling activities had been one of their major sources of income. This finding is buttressed by the response from gambling outlet managers. Outlet managers confirmed that some gamblers have won a huge amount of money from gambling that could have been translated into funds to finance some of their basic necessities. Other effects of gambling were also examined, including time lost from work, school, and other productive activities. About one of every four frequent gamblers (24.7%) had lost such time as a result of gambling. This suggests that there is a high chance of work loss and poor performance for frequent gamblers in Lagos State. In other words, the likelihood

effect of these responses is that most youths in the state who participate in gambling and are working may either lose their jobs or have an insignificant contribution to state output. Those who are in school are likely to perform poorly in their academic activities.

The psychological effect of gambling on youths was examined through the age effect and gamblers' attitude towards gambling. The result of the age effect shows that, as the youths in Lagos State grow older, there is a high possibility that they will gamble. This is evident from the results presented in Figure 2, which shows that the possibility that youth will gamble increases with age. We divided youth age ranges into five categories (see Figure 2), among which category five (highest age range) has the highest percentage of youths with a possibility to gamble. This finding is predicated on the fact that older youths have a certain level of achievement and rising expenditures, especially the self-employed; these youths remarked that gambling is another source of income. The findings suggest that the gamblers have a positive attitude towards gambling. This is evident from the chart in Figure 2, which shows that the likelihood of gamblers to gamble rises as long as they are given the chance to do so. One of the respondents commented:

I will gamble at every opportunity available to do so, because if I gamble, there is likely I win and have some money from gambling. And when I win I have not wasted that time, as I earn some money from the practice.

This statement shows that gamblers have the hope of earning more income to meet their daily expenditures and that this augmentation is essential to counter



*Figure 2.* Possibility scores of youth gamblers. Underlying data were computed from the gambling survey (2018). The possibility score was generated by dividing the responses for the possibility of gambling by the total number of gamblers sampled. The total sample was categorized into five age groups: 18–20 years, 21–25 years, 25–27 years, 28–30 years, and 30–35 years. The responses for the possibility of gambling were grouped as follows: rare (0%–10%), low (10%–49%), medium (50%–69%), and high (70% and above).

the challenges of unemployment and underemployment currently facing the country. They do not consider that the outcome of gambling may not favour them, and they justify the high level of gambling activity, as shown by the chart in Figure 2. The implication is, therefore, that there is an urgent need for the Lagos State Government to protect youths by publishing the names of illegal gambling outlets and offices, as this will enable youth gamblers to differentiate legal from illegal gambling outlets. Apart from the publication of names, appropriate sanctions should be placed on illegal gambling outlets to deter them from operating. This will serve as a form of protection for gamblers to act without fear.

### **Strategies to Protect Youth Gamblers in Lagos State**

1. The Lagos State Government should formalize all activities in the gambling industry through amendment of the regulation. For instance, to expand the scope of the LSLB, the Lagos State Government should further amend the Lagos State Lotteries Act of 2008 (as amended).
2. The LSLB, within their purview through the board's communication platforms, should periodically educate gamblers about their rights and privileges associated with gambling activities.

In summary, the effects of gambling on the welfare of youths in Lagos State have been highly pronounced owing to expenditure displacement and time management effects. Hence, the overall effects of gambling on household welfare, especially households in which members engage in gambling activities, are prevalent. The implication of this finding is that the gains from gambling—which most gamblers considered as alternative sources of funding for their expenditures—were substantially less than the amount of investment made. The attitude towards gambling has increased the value of the purchase of basic needs in the market, which likely has a positive steering effect on the demand for them. Productive time in school and at work is, however, lost as a result of gambling activities. This may have short-term effects on the productive activities of the state. Therefore, short-term damage control is needed to circumvent these likely production effects. Because of technological advancements, however, we do not perceive negative medium- to long-term effects of gambling on productivity. It is possible that taxes generated from self-employed individuals of Lagos State are far below potential, as shown by the fact that these individuals gamble the most.

### **The Lagos State Gambling Regulatory Board: Functions and Supports**

The advent of modern modes of gambling and the increased growth in the gambling industry in recent years, coupled with the negative effects of gambling and religious beliefs, suggests the need to monitor activities in this industry. Such monitoring requires sound regulations. The first lottery regulatory body in Nigeria was the LSLB.

It was established by the Lagos State Lotteries Laws Cap L89 2004 Laws of Lagos State (LSLB, 2005). The board is responsible for developing a regulatory framework that lasts for a long time and for applying high standards (see LSLB, 2005). Shortly after the establishment of the LSLB, the country developed the National Lottery Regulatory Commission, which was commissioned through the National Lottery Act of 2005. The operations of the LSLB are designed to provide regulatory support and administration, as well as intensified efforts to eradicate illegal lottery operations in the industry. Its operations have been considered efficient and have led to the amendment of the Lagos State Lotteries Law, as described below.

The Amendment of the Lagos State Lottery Act in 2008 consists of the following: retention of the Lagos State lottery licence, introduction of multiple public online lottery licenses, reduction of licence duration to 5 years, removal of the exclusivity clause on lottery operation, eradication of the coupon/paper lottery, introduction of the online lottery operation (automated lottery operation), and expansion of the jurisdiction of the board to regulate all aspects and types of lotteries and gaming (LSLB, 2017).

After the amendment, the LSLB continued to increase its contribution to the development of Lagos State through its mandate. In compliance with the provision of its enabling law, the Lagos State Lottery Distribution Trust Fund was established. This arm was created to administer revenue generated from gaming activities in the state. The LSLB has to step up its game to protect youth gamblers in Lagos State. This is essential for two main reasons. The first is to circumvent the likely effects of gambling on the productivity of the state in the short term. Educating youth gamblers about online and mobile operating gaming activities will likely reduce their physical presence in gaming outlets and thus minimize time spent gambling. The second reason concerns the effects on household welfare and displacement of spending that was reported herein. Addressing this issue could reduce tax revenue and its multiplier. The LSLB could either raise gambling tax rates or introduce a “win tax” to discourage gamblers from gambling activities. By so doing, the displacement of household welfare and spending will decline.

## **Conclusions**

The findings of this study indicate that the most patronized gambling activity in Nigeria is sports betting and that Youths, especially males, see gambling activities as an alternative source of income to meet their daily expenditures. There is striking evidence of a growing interest among female youths in Lagos State to participate in sports betting. These findings are buttressed by respondents’ statements that expenditures among youths have recently increased in Nigeria. Hence, gambling activities have kept youths away from being involved in crime. The attitude towards gambling has raised the value of the purchase of basic needs in the market, which may have a positive steering effect on the demand for them. The study showed that productive time in school and in the workplace is lost as a result of gambling activities. This may have short-term effects on the productive activities of the state.

Therefore, short-term damage control is needed to circumvent these likely production effects. Because of technological advancements, we do not perceive negative medium- to long-term effects of gambling on productivity.

The results show that the chances of youth participation in gambling activities increases with age. However, life cycle effects (effect of age squared) show that there is a certain threshold after which youth participation in gambling activities declines with age. Although gender was not statistically significant in the model, the issue of gender and youth participation in gambling activities cannot be overlooked. Employment status also plays a significant role in youth participation in gambling activities. The empirical results show that those who are working are more likely to participate in gambling activities, which was corroborated by the findings from qualitative assessments; thus, compared with their non-working counterparts, employed youths are more likely to participate in gambling activities. This is not surprising, because it is evident that gambling is associated with monetary stakes, which implies that those who are active participants in the labour market may use part of their income on gambling. However, this runs counter to the common belief that the popularity and prevalence of gambling activities results from rising youth unemployment. On this note, the findings emphasize that employment is a critical determinant of participation in gambling.

It is possible that taxes generated from self-employed individuals of Lagos State are far below potential, as shown from the fact that these individuals gamble the most. Self-employed youths have more time and available income to gamble. This is a potential avenue for the state to generate more tax revenue to finance the likely occurrence of short-term production shortfalls. Lastly, displacement effects of gambling are prevalent among youth gamblers in the state. Many of these effects are related to household welfare and spending, and they are likely to persist because psychological effects indicate that there is a long-term possibility of increasing youth patronage of gambling activities in Lagos State.

### **Policy Recommendations**

From the findings of this study, we offer the following recommendations to reverse the negative effects of gambling:

1. Overproliferation of gambling outlets stimulates demand and increases exploitation of youths. Therefore, the Lagos State needs to protect youths by identifying illegal gambling offices and placing sanctions on illegal outlets. Moreover, the government should increase the licensing requirements of gambling offices and reduce the licence expiration period to 3 years to control and recertify gambling outlets.
2. The negative impact of gambling on welfare through displacement and lost time from work and school remains perilous and therefore necessitates authoritative decisions. We recommend the development of a specific program that aims to

promote responsible gambling and gives high priority to sensitization towards the negative effects of uncontrolled gambling.

3. With the increasing participation of youths in gambling activities, the gambling industry is a potential avenue for the government to raise tax revenue to fund major government activities. However, in doing this, the state government should be mindful of the conflicting objectives of revenue maximization versus minimization of negative effects on household welfare. To improve tax revenue through gambling, we advocate:

- The introduction of a win tax. This tax should be levied on a certain amount of proceeds from gambling. The threshold can be estimated by the LSLB.
- The government's efficient use of information technology to track gambling activities and businesses, so as to reduce tax avoidance and evasion by gambling firms.

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