

# De-mystifying in-game spending and loot boxes

**Video games use diverse and innovative revenue models to meet the different preferences and budgets of players. Some games, including many successful Australian games, use in-game spending. All gaming platforms provide controls for players and parents to manage in-game spending. Loot boxes (which contain randomised digital items) were reviewed by an Australian Senate Committee in 2018 that found that they were adequately regulated. Regardless, our industry continues to listen and implement new measures to increase the transparency of loot boxes.**

## Why do some games have in-game spending?

Some games are supported by in-game advertising, subscription models, seasonal or downloadable content, or in-game spending, which is where players buy digital items that can be used within a game. Players support the vast majority of games that use in-game spending because they help to keep the cost of games low, with many of the most popular games that use it able to be played for free, while giving players the option to directly support the games they love. In-game spending also provides a vital way for developers to meet players' expectations that games should be an ongoing service, by funding server costs and new content. Players who purchase in-game items are protected under consumer law, just like with any other product.

## What about the comparisons of loot boxes to gambling?

Loot boxes are a kind of in-game spending where the items that the player receives is randomised. While loot boxes have received some media attention, we believe that this is largely a result of misunderstandings about what they are. Loot boxes are a prize mechanic for in-game virtual items with no external monetary value. Players are guaranteed to win items from loot boxes, and while there is an element of chance, this characteristic is shared with many other products like card game packs, surprise toys and blind boxes that, unlike loot boxes, contain resalable items with monetary value. Loot boxes are always optional and are not needed to play the game, and often only provide purely cosmetic items that provide no competitive advantage.

## How has industry responded to criticism around in-game spending and loot boxes?

Our industry is committed to providing transparency around in-game spending and empowering consumers that do not want them to be able to turn them off. Our industry's International Age Rating Coalition (IARC) classification tool provides consumer guidance of 'in-game spending', and all major gaming devices enable parents and guardians to easily restrict or turn off in-game spending. Our industry has also committed to disclosing the probabilities, or 'drop rates', of loot box items, and some platforms have formalised principles around how loot boxes should be used. The ratings bodies for the US and Europe provide consumer guidance of 'includes random items' for games with loot boxes, and we support dialogue with the Australian and New Zealand governments around ways to strengthen guidance here. Finally, IGEA collects and publishes research on community views on loot boxes, and our industry will continue to listen and learn.

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