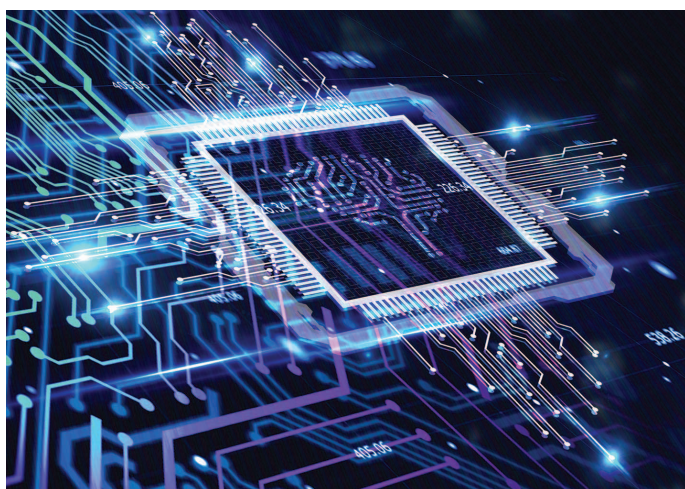




Artificial Intelligence in the Gaming Industry The Use We Give it, For Good or Evil

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The gaming industry's landscape is ever-changing. As technology evolves, so too do player preferences and experiences, game development processes, and operator and regulator considerations and challenges. Artificial intelligence (AI) has been a buzzword and a driving force in the evolution of gambling games and the modernization of gambling environments, both online and in-person on casino floors. The integration of AI in gaming allows developers and gaming operators to create more engaging, immersive, and personalized player experiences. AI can assist operators with detecting fraud and cheating and in enhancing responsible gaming practices by detecting player behavioral traits. However, if used improperly, collected data can be employed to reel in and hook players and further exacerbate gaming addictions. Although AI technology is not necessarily new, most regulatory bodies have yet to set standards to regulate its use, leaving gaming operators on their own to navigate the application of AI technology. In this article, we will explore some of the considerations operators and regulators should consider when evaluating the involvement of AI in gaming.



What is AI?

AI “is the theory and development of computer systems capable of performing tasks that historically required human intelligence, such as recognizing speech, making decisions, and identifying patterns.”¹ When using the term AI, most refer to machine-learning technologies that enable machines to undertake and accomplish human tasks like analyzing data, producing content, or even steering a car. Although you may not realize it, most of us interact with these services or devices daily. Platforms such as Netflix and Pandora use algorithms to track users' viewing and listening histories to create personalized recommendations. Tesla uses AI to power the self-driving features on their vehicles.

Personalized Player Experience

Game developers and gaming operators are continually on the hunt for new concepts to attract and keep players playing and engaged. To stay ahead of the curve and abreast of the fast-moving industry, gaming operators and developers must closely monitor new technologies, the marketplace, and trends in player preferences. If left to humans, this could present an extremely time consuming and daunting task. AI provides the technological avenue to track trends, collect data, and recognize patterns, while relieving developers and gaming operators from the burden of watching everything all the time quickly and efficiently. AI provides developers and operators the ability to quickly access and analyze data and focus on creative applications to their specific business, customer, and marketing needs.

AI empowers operators to create directed marketing and individualized experiences for customers based on their unique gaming preferences. Players can receive one-of-a-kind, curated play catered to their specific interests both in-person on casino floors and online. Online gaming app operators can customize a user's experience with a preference-sorted homepage based on player history, saving players time in not having to sift through lists of games, thus providing players more time to play. Operators can send sports bettors customized notifications about their favorite teams, updates on current bets, and increasingly accurate odds. AI truly allows for each player's app or journey to be uniquely their own. AI also enables slot machines to offer individualized bonuses based on user selection and loyalty programs that fit the interests of each player. AI allows operators to utilize player preferences to create an entirely unique gaming experience. As new competitors enter the gaming market daily, gaming operators utilizing AI could provide their customers with a curated gaming experience, one that just may lock them in as a life-long customer.



Responsible Gaming

AI can help to better ensure gaming operators and players maintain a robust responsible gaming experience. Companies focusing on problem gambling technologies promote that the use of AI can not only identify problem gambling but also predict it. By compiling an extensive list of early indicator behavioral traits, AI can provide the information used and the ability to identify early signs of gambling addiction. Automated flagging by AI of precarious actions can enable operators to take steps to sustain a more positive gambling environment. Gaming operators can send personalized messages, enforce cooling-off periods, and set betting limits for at-risk gamers. In fact, a recent study found that 70-80% of users benefited from personalized messages and dialogue about their gambling habits.²

Predicting problem gambling begs the question: financially, don't gaming operators want problem gamblers? Along with a whole host of regulatory issues, lawful gambling operators and their compliance teams monitor problem gambling and address it when necessary to avoid fines and potentially losing their licenses. Casinos understand that they need healthy, well-balanced, and thriving customers who pay their bills and are able to return to the casino floor. Problem gamblers typically end up in the same place - out of money; thus, counterintuitively, problem gamblers are not in a gaming operator's best interest. However, the pairing of AI and gambling can cause a perfect storm when it comes to bad actors; unlawful gaming operators do not have to comply with gaming regulations and have nothing to lose by using data to hook problem gamblers. As with anything, technology is as good as the way in which we use it.



Fraud Protection

The 2022 TransUnion report indicated that fraud rose over 50% in the first quarter of 2022, compared to the same quarter in the previous year.³ Gaming operators can utilize AI machine-learning techniques to identify fraud more easily and efficiently. AI analyzes immense amounts of data, including betting history, odds information, gaming patterns and sports player performance metrics, to flag fraudulent behavior earlier. Online gaming and sports wagering apps can utilize AI facial recognition technology to assist and speed up player identification assessments. This can assist operators with ensuring that users “are who they say they are” and reduce fraudulent behavior, such as users creating multiple accounts or chip dumping. In-person gaming operators can and currently do employ advanced camera/video systems to identify and interpret suspicious behavior. This innovative analysis helps to better prevent actions such as money laundering, underage gambling, bonus abuse, and match-fixing. AI can help to ensure a fair and even playing field for all users while protecting gaming operators.



Develop and Improve Games

AI not only advances gaming for operators and players, but it also plays a prominent role behind-the-scenes. Game developers utilize AI to create more user-friendly, innovative games at a heightened rate. AI can also collect feedback from users to upgrade and adjust current games. Computerized poker programs received a significant AI-backed change, balancing an easy-to-defeat opponent with an impossible rival, to create the perfect challenging yet defeatable opponent. AI helps make certain that the gaming of today is not the gaming of tomorrow.



What are Gaming Commissions doing to Address the Use of AI?

The Massachusetts Gaming Commission (Commission) recently announced that it is currently seeking bids for partners to assist in researching the use of AI in the gaming industry.⁴ The RFP considers “current and future possible uses of [AI] in the gaming industry, with a particular focus on marketing, player acquisition, and responsible gaming functionality/player health in the Commonwealth.”⁵ The Commission’s priority and approval of these research priorities signal the Commission’s acknowledgement and awareness of the development of the gaming industry and the role that technology plays in that evolution. As the industry continues to grow and more jurisdictions look to get ahead of new technology, iGaming, and online sports wagering, we will likely see more jurisdictions budgeting money and allocating resources to similar ventures.

While it may be entertaining, it is difficult to tell just how the use of AI will affect the gaming space. AI presents a demonstrable need for regulators to assist with and clarify parameters for its use, so operators have guardrails and guidelines to help with their investment in and use of such technologies. What is clear from its use in other sectors is that AI presents a powerful tool, one that can be used to protect individuals but also used against players, especially those in need of support. Whatever the future of the gaming industry holds, whether it is robots or more responsible gambling, the growth of technology is inevitable and customers are in for an exciting and more personalized experience. ■



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¹ What is Artificial Intelligence? Definition, Uses and Types, Coursera (Updated Apr. 3, 2024), <https://www.coursera.org/articles/what-is-artificial-intelligence>.

² Artificial Intelligence and Gambling, International Association of Gaming Regulators (July 6, 2023), <https://iagr.org/industry-news/artificial-intelligence-and-gambling/>.

³ Fraud Trends – Quarterly Analysis, Digital Fraud in 2022, TransUnion, <https://www.transunionafrica.com/content/dam/transunion/roa/business/fraud-trends-q2-2022-infographic.pdf>.

⁴ Mass. Gaming Commission studying online casino games, AI use, Rhode Island Current (May 16, 2024), https://www.yahoo.com/news/mass-gaming-commission-studying-online-170039100.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuYmluZy5jb20v&guce_referrer_sig=AQAAABCoAZpMMdVm2AGTTXhkit9_v02DU4g_e_b8U3skWelgVYf44IBDJvLwuSbyh7934eeKNWVS4M-gxHYJzGFBho0Zxb7a-EkgCZT3M2tAQITjf6CeVQhOMH347VdAaSVc9oeBksPmN-_chylQE5-Hyk3-6My91P7vbwYVqVrExs.

⁵ *Id.*