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How to Fix Online Gambling

Jonathan D. Cohen · October 2026

Americans have never had more ways to gamble. Online sports betting, online casinos, prediction markets, and gambling mechanics built into video games and investing apps have put the most engaging betting platforms ever built in Americans' pockets, with few guardrails and little friction. Young men are the heaviest users, and they are bearing the heaviest costs of the gamblification of American life.

PREVELANCE OF GAMBLING AND EVIDENCE OF HARM

52%
of men ages 18–49 have an active online sports betting account

67%
of students living on a college campus bet on sports in the last year

5.2x
increase in 21–34-year-old self-exclusion enrollments among Pennsylvanians in 2025, compared to last full year before legalization of online gambling

$673B
estimated annual illegal and unregulated gambling in the U.S.

In 2024, **8 percent of American adults** reported at least one indicator of problem gambling multiple times over the past year.

Studies link a state's adoption of online sports betting to increases in **bankruptcies (10%)**, **auto loan delinquencies (6%)**, and **accounts with debt in collections (8%)**.

For frequent bettors, each dollar deposited into a gambling account reduces investment deposits by **20 cents**.

An estimated **51 percent** of Connecticut's sports betting revenue comes from the **1.8 percent** of residents with a gambling problem. In New Jersey, **19 percent** of 18-24-year-old gamblers are at high risk for problem gambling. In Arizona, **18 percent** of all adults are moderate- or high-risk for problem gambling.

The gambling industry's response--Responsible Gambling tools--fail because they are opt-in: **fewer than 5 percent** of Massachusetts FanDuel users adopted any self-limiting tool.

AIBM'S APPROACH: KEEP IT LEGAL, MAKE IT SAFER

AIBM supports the existence of legal online gambling, provided real protections are in place. Most people who gamble do so safely. And if Americans are going to gamble--and they are--it is preferable that they do so on legal, regulated sites. But regulated American gambling sites do not offer enough protections to prevent gambling harm.

Reform has to reach across multiple gambling channels: state-licensed sportsbooks, online casinos, daily-fantasy-sports sites, and lotteries; federally licensed prediction markets and investing apps; video games; sweepstakes sites; and illegal offshore platforms. Reformers need to account for the breadth of the gambling market when pursuing changes to betting landscape.

Five principles to guide reform efforts:

1. **Normalize gambling cautiously.**
   Some normalization comes with legalization, but the U.S. has gone too far too quickly. Today's young people are the first generation raised on online gambling, and they have been taught that it is safe, fun, and harmless.
2. **Different rules for young people.**
   The younger someone starts, the greater the risk of a gambling problem later in life. Young adults should face different rules of the road.
3. **Limit high-speed products.**
   More speed means less safety. A bet on next year's World Series is inherently safer than a bet on the next pitch. Fast products need guardrails by default. Some should be eliminated entirely.
4. **A legal market beats an illegal one.**
   Illegal sites offer no protections and raise no tax revenue. Regulated platforms are preferable, provided they include real guardrails.
5. **Demarcate gambling from investing and video games.**
   Gambling has no place on platforms not dedicated to gambling. The nation needs a thick, clear line between gambling and other online activities.

Source: Jonathan D. Cohen, "How to Fix Online Gambling," American Institute for Boys and Men, October 2026.
Full report at aibm.org

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Ten Fixes

Each fix would, on its own, make gambling safer. Together, these solutions would address the most dangerous features of modern online gambling.

1 **No gambling until 21.**

Apply the same standard across sportsbooks, daily fantasy, iLottery, prediction markets, and gambling-like products, by state action or federally.

In practice: 21 is already the norm for most U.S. gambling and is the law of the land for alcohol. The same standard should be applied to products like prediction markets, which are 18+.

2 **Automatic limits for bettors under 25.**

Non-removable deposit, loss, and time limits during the highest-risk years.

In practice: The U.K. Gambling Commission adopted a low stake limit and risk-check threshold for 18–24-year-olds. Flutter—FanDuel's parent company—instituted a £500 monthly deposit cap for under-25s.

3 **Guardrails on by default.**

Make deposit, loss, and time limits opt-out rather than opt-in. Any increases to limits take effect after 72 hours and occur gradually, so a losing bettor cannot remove them mid-binge.

In practice: Germany, the Netherlands, Norway, and Sweden require loss or deposit limits at signup.

4 **Limit or eliminate high-speed products.**

Microbets, online casino games (iGaming), online instant lottery games, and 15-minute crypto event contracts are the products that pose the greatest potential risk to gamblers.

In practice: New Jersey has proposed banning microbets; MLB-partnered sportsbooks cap pitch-level bets at $200; Germany and the U.K. cap slot stakes.

5 **Rein in gambling advertising, especially toward young people.**

Whistle-to-whistle TV bans; limits on promotions, inducements, and VIP programs; enforcement against undisclosed online sponsorships.

In practice: Advertising restrictions in numerous European countries; ban in the Netherlands on ads targeting 18–23-year-olds.

6 **Refocus state gambling agencies on consumer wellbeing.**

Only ten state gambling agencies have mission statements that mandate protecting consumers from gambling harm. Rewrite missions to prioritize protecting the public, rather than revenue growth.

In practice: The Massachusetts Gaming Commission's mission: to "maximize consumer protections, minimize negative impacts."

7 **Crack down on illegal and unregulated gambling.**

Enforce existing federal law against offshore operators, close the sweepstakes loophole, and cut off payment processors serving illegal sites.

In practice: Eighteen states have passed anti-sweepstakes bills and others have issued cease-and-desist letters to offshore operators; 46 state AGs asked the DOJ to act in 2025.

8 **Remove sports event contracts from prediction markets.**

Sports betting should not be able to launder itself as commodities trading, and in the process skirt state gambling law and serve customers as young as 18.

In practice: Numerous states block prediction markets or sports event contracts in particular. The fate of these contracts will likely be decided by the Supreme Court, barring congressional action.

9 **Redraw the line between gambling and investing.**

Remove prediction market event contracts from brokerage apps. Investment platforms should not offer gambling or gambling-like products.

In practice: Event contracts are already kept out of 401(k)s and IRAs. The EU (2018) and U.K. (2019) banned the sale of binary options to retail investors, treating them as gambling dressed up as investing.

10 **No video game gambling integration.**

Eliminate loot boxes purchased with real money, or regulate and age-gate them as the gambling products they are.

In practice: The FTC's 2025 settlement requiring loot-box odds and costs to be disclosed; Belgium's loot-box ban.

Built for what comes next

Gambling is a fast-moving product category, and new products will keep emerging through legislative loopholes. When they do, the principles here—particularly age of access, speed of play, and a clear line around gambling—offer a durable framework for assessing safety and designing sensible regulation.

Source: Jonathan D. Cohen, "How to Fix Online Gambling," American Institute for Boys and Men, October 2026.
Full report at aibm.org