

# Compliance with video game loot box probability disclosure regulations in Taiwan

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## EXTENDED ABSTRACT

Loot boxes in video games (broadly known as ‘機會中獎商品或活動 [chance-based, prize-drawing products or activities]’ in Taiwan) are gambling-like products that can be bought with real-world money to obtain random rewards. Most of the time, the player will purchase the loot box only to obtain a common in-game reward that they do *not* want (*e.g.*, a weapon that is weaker than one the player already possesses). However, loot boxes are designed so that valuable and desirable rewards have a small probability of being obtained (*e.g.*, a highly attractive but rare character costume). This means that many players purchase many loot boxes to try to obtain the rarer rewards.

Loot boxes are widely implemented in video games, particularly on mobile platforms, where more than 90% of the highest-grossing games sell them in East Asian regions. These include games deemed suitable for everyone, such as young children aged just four (Xiao et al. 2021). Loot box spending has been linked to problem gambling symptoms (Zendle and Cairns 2018), including in Mainland China (Xiao et al. 2024). Stakeholders, including parents and policymakers, are concerned about players experiencing harm, such as overspending.

This video game issue has been widely controversial across the world since 2018. In Taiwan, loot boxes were finally addressed in July 2022, when the Consumer Protection Committee of the Executive Yuan [行政院消費者保護會] (2022) detailed intended regulatory changes in a press release. Specifically, Article 6 of the regulatory document entitled ‘Matters that should be recorded and should not be recorded in the standardised contracts of online game services [網路連線遊戲服務定型化契約應記載及不得記載事項]’ was revised in December 2022 to insert Sub-Article (4), which requires that the probabilities of obtaining different items be disclosed as percentages (%) from 1 January 2023 onwards (消費者保護處 [Consumer Protection Office] (Taiwan) 2022). In addition, a specific warning or reminder message of ‘此為機會中獎商品，消費者購買或參與活動不代表即可獲得特定商品 [This is a chance-based product; the consumer is not guaranteed to obtain any specific product

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by virtue of purchasing or participating’]’ or a similar message was required to be provided.

Taiwan thus became the second region in the world (after Mainland China which has required probability disclosures since 1 May 2017 (文化部 [Ministry of Culture] (PRC) 2016)) to place this probability disclosure obligation on an official legislative footing. Prior research from Mainland China found that, although the most popular games complied with Chinese law by disclosing probabilities for the most important loot boxes, the disclosures were generally very difficult to find and to access: for example, requiring the player to follow multiple hyperlinks before the disclosures were eventually shown (Xiao et al. 2021).

It is not known how well companies would comply in Taiwan given (i) the lack of specific instructions or even an official translation and (ii) that the additional warning message requirement is idiosyncratic.

Through examining the 100 highest-grossing iPhone games in Taiwan for up to one hour by replicating prior peer-reviewed research’s methodology (e.g., Xiao et al. 2021), the Taiwanese loot box prevalence rate will be identified. In addition, compliance with the probability disclosure and warning message provision requirements will be assessed. The results will aim to inform policy implementation in Taiwan and beyond.

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