Moneyball, but for kids: Games as vehicles for predatory prediction markets

Florence M. Chee
Loyola University Chicago
fchee@luc.edu

Daniel James Joseph
Manchester Metropolitan University
d.joseph@mmu.ac.uk

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INTRODUCTION

In a recent interview with the New York Times' podcast Hard Fork (2025), co-founder and CEO of one of the largest user-generated content engines, *Roblox*, David Baszucki said that he would welcome the development of a prediction market based on the Polygon blockchain network in Roblox and that "it's a brilliant idea if it can be done in an educational way that's legal." Due to the long standing links between gambling, video games, and the process of gamblification we should not be surprised by the game industry's interest in prediction markets (Macey and Hamari, 2024).

Prediction markets, such as Kalshi and Polymarket, allow users to buy contracts based on perceptions of the likelihood of event outcomes, be they sports, wars, or election outcomes. Despite regulatory and policy ambiguity worldwide, a prediction market is, at its root, a form of gambling. By the time of the 2024 US presidential election more than 3.3 billion dollars on the winner had been wagered on Polymarket (Polymarket, 2026). These platforms also keep ending up in the news for fraud, as large wagers allegedly based on insider knowledge get media attention .

We see this awkward proposal by Roblox's Baszucki for a children's prediction market as a continuation of what Brock and Johnson (2021) described as the "gamblification of digital games". There are so many instances within the lootbox laden ecosystem of *Roblox* or *Fortnite* that yes, in some ways, a prediction market isn't incongruous with what adults and children alike experience in them. This paper's intervention is at a theoretical and policy level: first, we contextualize prediction markets within a longer history of gamblification. Second, we explore the possibilities of a theoretical prediction market *within* Roblox as a policy puzzle to investigate the limits of existing platform governance frameworks in the digital games industry.

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Prediction markets, in various forms, have existed over the course of industrial and post-industrial society but they have been given wider scale and visibility by the spread of Polymarket and Kalshi. Their awkward theoretical origins derive from the field of economics and information studies, arguing for prediction markets as *information processors* justifying neoliberal capitalism as superior to socialist central planning (Mirowski and Nik-Khah, 2017). Polymarket and Kalshi also embody various approaches to creating such markets: Polymarket uses unregulated crypto and a public ledger to operate, while Kalshi sought regulatory approval with the US Commodities Futures Trading Commission to get around gambling regulation. Key moments since the late 2024 legalization of prediction markets in the US have seen the proliferation of betting money on virtually anything.

The rise of prediction markets is given context by the wider societal process of *gamblification*. Gamblification (see Brock and Johnson, 2021) is a process that was recognized by scholars in the late 2000s (McMullan and Miller, 2008) describing "the ongoing colonisation of sports, and sporting cultures, by the gambling industry" (Macey and Hamari, 2024:2052). In this context, sports television advertising space was used to push viewers towards online gambling sites. This process has since become more widespread, extending beyond sports, and is described as the "(increased) presence of gambling (or gambling-related content) in non-gambling contexts" (2055). In digital games this is made most visible in the form of loot boxes in nearly every live-service or free-2-play games.

Children & Magical Thinking in Policy Circles

Returning to the example of a prediction market in Roblox, it's entirely possible that such experiments with explicit gambling already exist, as *Roblox* isn't a game per se, but a user-generated content engine (UGCE) that has struggled with content moderation of years (Gilbert and Farokhmanesh, 2025). We would argue that the presence of gamblified affordances in games (be they loot boxes or otherwise) and hyper targeted advertising encouraging the purchase or engagement in gamblified activies more than enough to raise concern. Children are key audience for Roblox and other UGCEs and a vulnerable constituency: their ludic pleasures, digital rights in terms of games, play, and leisure warrant specific efforts to design ethical worlds (Livingstone and Sylwander, 2025; Crepax and Mühlberg, 2022; Grimes, 2021; Milkaite et al., 2025).

Yet policy developments when it comes to gamblification of digital games is lacking, especially in the current geopolitical and economic context. It is important to draw attention to the structural shift in international gaming and gambling policies as well as their specific geopolitical drivers. In the USA, since the 2018 repeal of the Professional and Amateur Sports Protection Act of 1992 more than 35 states have legalized some form of US-based sports betting. Since 2023, there is also firm user growth across Europe with a 5% revenue increase in revenue with casino apps and sports betting apps use by young adults driving growth (EGBA, 2025; Mordor, 2025).

In the context of this worldwide gambling boom, regulation of gamblification in the form of loot boxes (because they share nearly all of the attributes of gambling) in

games has been lacklustre or ineffective (Xiao and Lund, 2025; Xiao, 2022). If the industry is to abide by any commitment to social sustainability, governments and game designers are going to need to take a hard look at how gamblification is relied on to sustain an industry in crisis (Busch, Chee, and Sihvonen 2025; Xiao, 2021). Prediction markets are popular for a reason and assessing them appropriately from a policy perspective in the context of user-generated context engines is important.

Prediction Markets in Roblox as a policy puzzle

Loot boxes in most markets, with the well-cited exception of Belgium, are not currently regulated as gambling, in part, because of the lack of ability to extract or transfer any real-world money from the game, or between players, in which they exist (Xiao, 2022). While as yet we are not aware of any existing prediction markets in *Roblox*, we can assume that any active market created in the game would fall under the existing platform governance frameworks for selling in-game content. Currently *Roblox* (dependent on user location) requires developers to disclose the odds of "random virtual items" in their UGC Terms of Use (Roblox, 2026). The creation of a prediction market would almost certainly require the creation of a new clause in the ToU to reflect the contingent, real-world nature of rewarding in-game currencies based on real or virtual events. This is a governance policy puzzle (Gorwa and Veale, 2024) for the platform, as well for policy makers and critics, if any and all regulation of gamblification is contingent on the extraction of/ and/or tradeability of virtual items between users.

Gaming prediction markets in these uncertain times

In a time of polycrisis, the environmental conditions for prediction markets to thrive unchecked are optimal. Including children and the implications therein present even greater regulatory complications. While prediction markets are not the only form of gamblification that is currently sweeping across the digital games industry, we do see them as a particular challenge that needs ethical leadership in the industry. We find the possibilities of including a predictive market in Roblox unsettling from the standpoint of how the endeavor of designing games and governance. As such, we see our study of prediction markets as an opportunity to see where digital games are going next, and to ask ourselves what role we will play in the pleasure and pain of our collective future. We may bet on it.

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