

US vs Genshin Impact: Settling video game loot box consumer protection concerns? An international comparison of gacha monetisation design

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INTRODUCTION

Loot boxes and gacha are video game mechanics that allow consumers to spend real-world money purchasing random items (Drummond & Sauer, 2018). The high prevalence of loot boxes and gacha in video games (Xiao & Park, 2025) and the association between purchasing them and problem gambling (Zendle et al., 2020) raise parents' and regulators' concerns.

The US Federal Trade Commission (FTC) (2025) alleged breaches of consumer law regarding how loot boxes were marketed and sold in the mobile game *Genshin Impact* [原神] (2020) and announced that it reached a settlement with Cognosphere (trading as HoYoverse). Cognosphere paid a US\$20 million financial penalty and promised to change the monetisation design of all its games to address the FTC's concerns, specifically:

- Provide an option to directly use fiat currency (e.g., US\$) to purchase loot boxes without requiring consumers to exchange fiat currency into virtual currency before the purchase;
- Disclose (i) the range of total potential costs in fiat currency for acquiring featured rare items from loot boxes and (ii) the associated probabilities on the in-game purchase page, official website, and in-game login page. The disclosure on the in-game purchase page must be made automatically without requiring any input from the consumer;
- Disclose (i) the number of loot boxes that can be bought with each virtual currency bundle of varying value and (ii) the exchange rate between fiat currency and one loot box. The disclosure must be made automatically without requiring any input from the consumer; and

- Seek parental consent prior to any sales to young consumers aged under 15.

Cognosphere’s compliance with the settlement has not been independently verified. Examining Cognosphere’s implementation in the US version of all its games and comparing the results with other regional versions of those games provide international policy insights that can improve consumer protection.

METHOD

An account pretending to be a 14-year-old consumer born on 1 December 2010 was set up to access the US, European, and the Taiwan-Hong Kong-Macau servers of all Cognosphere games: (i) *Honkai Impact 3rd* [崩坏 3] (2016), (ii) *Genshin Impact* [原神] (2020), (iii) *Tears of Themis* [未定事件簿] (2020), (iv) *Honkai: Star Rail* [崩坏：星穹铁道] (2023), and (v) *Zenless Zone Zero* [绝区零] (2024). In each server of the game, all loot boxes and virtual currency bundles found were screenshotted, attempts to purchase loot boxes and bundles with fiat currency were recorded, and the presences of the range of costs in fiat currency and the probabilities at all required locations were checked.

PRELIMINARY RESULTS

Loot boxes were found in all games across all servers. The compliance status of the US version of each Cognosphere game with the settlement is shown in Table 1.

Agreed settlement requirement	<i>Genshin Impact</i>	<i>Honkai Impact 3rd</i>	<i>Tears of Themis</i>	<i>Honkai: Star Rail</i>	<i>Zenless Zone Zero</i>
Direct purchase of loot boxes in US\$	✗	✗	✗	✗	✗
Presence of the range of potential costs for acquiring featured items in US\$	✗	✗	✗	✗	✗
Presence of probability disclosures	✗	✗	✗	✗	✗
Whether the presence of range and probability on the in-game purchase page did not require any input from the consumer	✗	✗	✗	✗	✗
Presence of the number of loot boxes that can be bought with each virtual currency bundle of varying value	✗	✗	✗	✗	✗
Presence of the exchange rate between fiat currency and one loot box	✗	✗	✗	✗	✗
Presence of parental consent prior to any sales to young consumers	✓	✓	✓	✓	✓

- “✗” means no monetisation design differences were identified between servers, and the US version is non-compliant with the settlement;
- “✗” means monetisation design differences were identified between servers, but the US version is still non-compliant with the settlement;
- “✓” means compliance with the settlement.

Table 1: The compliance status of the US version of each game with the settlement.

The US version of all games still required consumers to exchange for virtual currencies with US\$ before purchasing loot boxes, although Cognosphere reduced the

number of currency exchanges required to only one for some prominent loot boxes (e.g., Figure 1), compared with other regional servers. Moreover, exchanging for virtual currencies multiple times was still required in all versions of all games when consumers purchase other loot boxes, such as those requiring ‘energy’ (a type of virtual currency) purchasable with US\$ to claim random rewards after battle.



Figure 1: A screenshot of the purchase page of a prominent loot box in the US version of *Genshin Impact*. Cognosphere allowed consumers to use US\$ to purchase virtual currencies needed for opening loot boxes more easily in the US version than in other regional versions.

Similarly, only prominent loot boxes (e.g., Figure 2), instead of all loot boxes as required, disclosed the range of potential costs in US\$ for acquiring featured items from loot boxes and their associated probabilities. Such information disclosure for any loot box was not detected in other regional servers.



Figure 2: A screenshot of the disclosure of the range of potential costs in US\$ (*i.e.*, from US\$1.98 to US\$237.6) for acquiring featured items and the associated probabilities (*i.e.*, 1.600%) on the loot box purchase page without requiring any input from the consumer in the US version of *Genshin Impact*.

The required information about virtual currency bundles was provided for only prominent, instead of all, loot boxes. Such additional information was not found in the US version of *Honkai Impact 3rd* and other regional servers.

A parental consent was found in the US version of all games. Cognosphere required the young consumer account to be linked to a verified adult email address. When the account tried to use US\$ to make in-game transactions, Cognosphere did not allow the transaction and instead sent an approval request to that adult email address. This process was not identified in other regional servers.

PRELIMINARY DISCUSSION AND CONCLUSION

All Cognosphere games examined contained loot boxes; however, we found widespread non-compliance with the settlement terms. Some attempts were obviously made to comply in relation to the prominent loot boxes, but the requirements apply to all loot boxes. Notwithstanding, in the US server, this settlement has forced Cognosphere to disclose certain important information that consumers should know and that can help them make more informed purchasing decisions. Strict enforcement of the settlement terms is necessary to ensure Cognosphere implements all requirements and truly improves consumer protection.

Differences of Cognosphere's monetisation design between regional servers suggests that certain important information is only given to US consumers because the FTC settlement has forced Cognosphere to do so. Cognosphere is arguably discriminating against non-US consumers based on their geographic location. European and Asian regulators should also consider strict enforcement of their consumer laws. The requirements set out in the settlement should become the new baseline to be more widely adopted by Cognosphere and other companies.

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BIO

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CONFLICTS OF INTEREST

Yuchen HUANG and Chelsea Xiaoyao REN have no conflicts of interest to be declared.