Beyond Disclosure: Youth Protection and the Regulation of Randomised Rewards in South Korea, Japan, and Brazil

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INTRODUCTION
The convergence of gaming and gambling is most sharply visible in what the literature terms 'random reward mechanisms' (RRMs), paid features in which a random procedure yields a reward of uncertain value (Nielsen and Grabarczyk 2019). In most loot boxes and gacha systems, RRMs replicate the psychological architecture of gambling without satisfying its legal definition. Multiple study designs confirm that loot box spending correlates with problem gambling severity, with the association consistently stronger in adolescents than in adults (Zendle, Meyer, and Over 2019). This paper analyses South Korea, Japan, and Brazil as three successive points on a regulatory spectrum, each representing a distinct response to the problem of protecting minors from monetisation mechanics whose psychological harm potential is well-documented but whose legal classification remains contested. The analysis draws on primary legislation, self-regulatory instruments, enforcement data, and compliance evidence from industry responses to Brazil's Digital Child and Adolescent Act (Lei 15.211/2025, ECA Digital), in force from March 2026.

WHY MINORS REQUIRE SPECIFIC PROTECTION
Adolescents are not simply adults with smaller budgets. Incomplete prefrontal cortex development leaves them more susceptible to variable-ratio reinforcement, the scheduling mechanism deployed by slot machines and gacha systems alike (Casey, Getz, and Galvan 2008). Higher engagement with paid RRMs among minors is consistently linked to gambling-related cognitions, impulsivity, and problem gambling or gaming disorder symptoms (Spritzer et al. 2026; Garea et al. 2021),[1] and the affected population is large. In Brazil, 78% of internet users aged 9 to 17 play online games.[2]

THREE REGULATORY MODELS
South Korea's trajectory illustrates the limits of voluntary approaches. The Korean Association of the Game Industry (K-GAMES) introduced probability-disclosure guidelines in 2017, but the scheme relied on the industry to monitor itself. Compliance reporting was biased and failures were attributed to overseas companies (Xiao and Park 2025). Sustained player protests eventually led to legislative action. In March 2023, Article 33 of the Game Industry Promotion Act was amended to require probability disclosure by law from March 2024, implemented through the

Enforcement Decree (Presidential Decree No. 34114, January 2024) and the MCST Explanatory Note on Probability Information Disclosure (MCST 2024).[3]

The model remains a transparency regime with no restrictions on minors' access to probabilistic mechanics.

Japan's regulatory engagement with gacha predates the global loot box debate. In 2012, the Consumer Affairs Agency (CAA) banned complete gacha (kompugacha) under the Act against Unjustifiable Premiums and Misleading Representations, on the grounds that concealing probabilities and cumulative costs constituted deceptive promotion. The legal basis was consumer protection rather than gambling law (Kasahara and Hounslow 2012; Fujihara and Shibuya 2020). The 2016 CESA guidelines subsequently required individual drop-rate disclosure. Japan's approach eliminated the most deceptive gacha forms and established a transparency baseline, but left minors equally exposed to the underlying probabilistic mechanics.

Brazil's ECA Digital is the first major market to adopt a preventive harm-reduction approach to paid RRMs (Spritzer et al. 2026). Under Article 7 of Lei 15.211/2025, games directed at or accessible to minors may not offer features in which payment yields randomised items or advantages of uncertain value, covering cosmetic and functional rewards alike. The prohibition is grounded in the psychological harm mechanisms to which adolescents are developmentally vulnerable, among them variable-ratio reinforcement, near-miss effects, and reward anticipation under uncertainty, without requiring a determination that loot boxes constitute gambling. Sanctions include fines of up to 10% of company revenue and service suspension.[4]

The practical effects were immediate. In March 2026, Riot Games implemented mandatory CPF-based age verification and temporarily reclassified League of Legends and other titles as 18+ pending monetisation adaptation, an outcome that transparency-based regimes had not produced (G1 2026; Riot Games 2026). Community reception was divided, with some player communities framing the law as a censorship instrument rather than a child-protection measure (Kurtz, Freitas, and Lima 2026).[5]

CONCLUSIONS

The three cases reveal a progression not merely in stringency but in regulatory rationale. South Korean and Japanese frameworks treat the problem as one of information asymmetry, assuming that informed consumers make autonomous choices. That logic may be defensible for adults, but it is poorly calibrated for a population whose developmental profile makes it less able to moderate exposure to addictive reward schedules. Brazil's public health model shifts the question from whether players are informed to whether the underlying mechanism causes harm to this particular population.

Mapping the three jurisdictions onto their regulatory foundations of transparency, targeted prohibition of deceptive designs, and preventive harm reduction reveals that each level addresses a limitation in the previous one, while only the third directly confronts the developmental vulnerability of minors. Brazil's ECA Digital functions as a novel regulatory endpoint and as a natural quasi-experiment. As enforcement data accumulates, it will be possible to assess whether prohibition reduces harm or displaces it. The paper argues that the productive question for global policy is not whether paid RRMs constitute gambling, but which regulatory foundation best protects the population most demonstrably at risk.

Endnotes

1 For a meta-analysis across study designs and populations, see Garea et al. (2021). Nielsen and Grabarczyk (2019) argue that only RRMs where both the eligibility condition and the reward are embedded in the real-money economy (their E-E category) are structurally equivalent to gambling, yet psychological harm mechanisms operate across all paid RRM categories.

2 TIC Kids Online Brasil (2024). Gacha titles such as Genshin Impact (MiHoYo 2020) counted approximately 328,000 monthly users in Brazil (Powell 2025).

3 Within the first 100 days of enforcement, the Game Rating and Administration Committee (GRAC) issued 266 corrective actions, approximately 60% targeting overseas companies. Xiao and Park (2025) found an 84.4% disclosure compliance rate in the initial months, better than the prior self-regulatory regime but still indicating persistent non-compliance.

4 The ECA Digital also restricts personalised advertising and algorithmic recommendation systems directed at minors, and the ANPD may impose fines of up to R$50 million (approx. USD 9.3 million) per violation (Kurtz, Freitas, and Lima 2026).

5 Riot Games (2026) confirmed accounts of players under 18 were suspended pending compliance, with the company expecting to restore original age classifications by early 2027.

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BIO

Mario Eduardo Martinez Guarnieri is a Brazilian lawyer and Yenching Scholar at Peking University. He holds an LL.B. from the Federal University of Rio de Janeiro and postgraduate qualifications in Business Law and Intellectual Property. His research interests include digital regulation, intellectual property, video games, esports, randomised monetisation mechanisms, and comparative approaches to youth protection. He has professional experience in intellectual property litigation, business law, and international trade remedies.

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ETHICS STATEMENT

Ethics approval was not required because this study is based exclusively on publicly available legal, regulatory, academic, and industry sources and did not involve human participants, personal data, or animal subjects.

DATA AVAILABILITY

No new datasets were generated or analysed. All sources used in the study are publicly available and identified in the bibliography.

AUTHOR CONTRIBUTIONS

Mario Eduardo Martinez Guarnieri is the sole author and was responsible for the conceptualisation, research, analysis, and writing of the paper.

CONFLICTS OF INTEREST

The author declares no conflicts of interest.

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