

# Department of Marketing



Research Seminars Series

## Davide Proserpio, University of Southern California (US)

March 20, 2025 | 12:00 - 14:00 | TC.0.58 TC Hall

### The Financial Consequences of Legalized Sports Gambling

**Abstract:** Following a 2018 ruling of the U.S. Supreme Court, 38 states have legalized sports gambling. We study how this policy has impacted consumer financial health using a large and comprehensive dataset on consumer financial outcomes. We use data from the University of California Consumer Credit Panel, containing credit rating agency data for a representative sample of roughly 7 million U.S. consumers. We exploit the staggered rollout of legal sports betting across U.S. states and evaluate two treatment effects: the presence of any legal sports betting in a state and the specific presence of online or mobile access to betting. Our main finding is that overall consumers' financial health is modestly deteriorating as the average credit score in states that legalize sports gambling decreases by roughly 0.3%. The decline in credit score is associated with changes in indicators of excessive debt. We find a substantial increase in average bankruptcy rates, debt sent to collections, use of debt consolidation loans, and auto loan delinquencies. We also find that financial institutions respond to the reduced creditworthiness of consumers by restricting access to credit. These results are substantially stronger for states that allow online sports gambling compared to states that restrict access to in-person betting. Together, these results indicate that the ease of access to sports gambling is harming consumer financial health by increasing their level of debt.