

2 August 2023

Tony Hilton
Director, Competition Exemptions
Australian Competition & Consumer Commission
GPO Box 3131
Canberra ACT 2601

Dear Mr Hilton,

Australian Banking Association application AA1000645 – interested party consultation

Thank you for your letter dated 19 July 2023, inviting submissions to the Australian Banking Association (ABA) application to the ACCC for a 12-month protection from legal action under competition laws, in order to develop industry initiatives and a draft industry standard in relation to scams affecting individual and small business customers.

IDCARE supports the intent of enabling collaboration across the industry and allowing more minds to be applied within and across industry and government. Our submission points to the likely benefits and potential public detriments of the ACCC granting the authorisation.

About IDCARE

IDCARE is Australia's national identity and cyber support community service. Our specialist Case Managers and Technical Analysts provide critical support for individuals and organisations confronting identity and cyber security concerns. Community members find IDCARE's services a refuge and an expert and impartial place where they are not judged. They can work with their Case Manager to understand the risks, reconcile what's happened, and move forward with purpose, confidence and resilience.

Context

From our client work, IDCARE develops insights relating to individuals and organisations that address response deficiencies and vulnerabilities that impact community, customers and staff. Through this work IDCARE sees significant and increasing numbers of scam victims every day; that scams are complex and multifaceted, typically touching on multiple institutions; and that the response system is so challenging as to be traumatising for victims.

1. Significant and escalating numbers of scam victims

From the ACCC's own data holdings in relation to scams, Australia continues to experience unprecedented criminal attacks from scammers. This is costing our community billions of dollars in addition to the untold and enduring psychological and behavioural trauma that exists for many. The ACCC and IDCARE data trends suggest that deterrence to scammers is almost non-existent.

In the first six months of 2023, IDCARE received in excess of 112,000 phone calls and over a million visits to our online Learning Centre. Around two-thirds of scam victims supported in June 2023, experienced more than one crime in their name resulting from the scam event. IDCARE resources continue to overextend in treating and caring for victims of scams.

2. Scams are complex and multifaceted, typically touching on multiple institutions

Many of these crimes touch upon the banking industry, including unauthorised account access, account establishment, and credit applications. The banking industry is often the final destination of a long 'scamming value chain' where products and services from other industries and government enable the scammers to ultimately arrive at a point where the criminals gain access to banking accounts.

The interconnectivity between scam victim and scam offending is not contained within the one institution or industry. In almost all scam cases IDCARE supports, there are touch points across more than one banking institution and industry. These touch points include differences between the victim's and the scammer's account(s), and where other scam victims are injected under a false pretext to launder money unwittingly.

3. The Scam response system is so challenging it can be traumatising for victims

It is IDCARE's experience that many of our clients feel as harmed by the response system as they are by the scam events. A key aspect of our work is providing individual scam victims with their compass and map to navigate and translate the system, and to manage their expectations so that they can maintain the mental toughness and resilience required to carry out the critical response tasks. A common complaint received by IDCARE is that banks, governments, telecommunications carriers and others rely so much on the individual victim to do the heavy lift in responding.

Possible benefits and detriments

It is in this context that IDCARE supports testing new initiatives that may make Australian banking institutions more resilient and more responsive to these threats.

IDCARE supports the intent of enabling collaboration across the industry and allowing more minds to be applied within and across industry and government to this very impactful crime. Any detriment arising out of the collaboration will be determined by how the industry initiatives and draft standard are developed, approved, and implemented. The disadvantage to customers will depend on several factors, including how practices change, how access is enabled, how information is shared about a scam victim without their knowledge or specific consent, how false positives will be treated, and how privacy will be upheld.

In principle, IDCARE welcomes establishing a draft industry standard. The institutional targets of scammers can gain greater benefit through enhanced collaboration than working in isolation. One institution may well observe a change in methodology that can inform the detection capabilities of other institutions. The ability for the system to know and counteract is time critical and must support cross institutional (and sectorial) information sharing. We suggest proposed standards should be considered more broadly beyond the boundary of the banks, to properly assess the public benefits and the public detriments. We also highlight the importance of being clear about how the industry standard would integrate with a new scam response code proposed by the government. IDCARE notes that the authorisation will be limited to a *draft* industry standard, and the ABA will seek further authorisation for implementation of the standard.

We look forward to the outcomes of this work across industry and government.

Yours sincerely



David Lacey
Managing Director