



# **NATIONAL AUSTRALIA BANK SUBMISSION**

Fighting SMS Scams – What type of SMS sender ID registry should be introduced in Australia?

March 2024

## **Introduction**

National Australia Bank (NAB) welcomes the opportunity to respond to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (Department) consultation on the type of SMS sender ID registry (registry) it should introduce to protect alphanumeric sender IDs.

As a member of the Australian Banking Association (ABA), NAB has also contributed to its submission.

Scams are a global epidemic with devastating impact on people and society. They are increasingly part of the sophistication of global organised crime working beyond laws, regulation and ethics.

NAB has been engaging closely with Government and other agencies for several years on combatting scams and we welcome the Government's action to date. Enhanced public and private sector coordination is needed to reduce the impact of scams and protect Australians from financial harm. NAB supports the Government's commitment to introducing new mandatory industry codes to outline the responsibilities of the private sector in relation to scam activity. The banking industry also launched a 'Scam-Safe Accord' in November 2023, which outlines a range of measures across the sector to disrupt, detect and respond to scams. Implementing a registry is another effective way to help protect consumers and strengthen the system against scams.

NAB has a comprehensive, bank-wide scam strategy in place and is determined to continue to work hard to find more ways to protect our customers.

### **Question 1: Have you, your organisation, or clients been targeted by SMS impersonation scams that used your alphanumeric sender ID(s)?**

Yes, NAB and our customers have been targeted by SMS impersonation scams.

Since December 2022, NAB has been proactively working with telecommunications providers to strengthen alphanumerical controls. This has included placing NAB's phone numbers on the 'Do Not Originate' list to help reduce scam calls impersonating NAB numbers. NAB has also added additional protections to reduce scam messages appearing in legitimate bank text message threads.

Following this work, NAB saw an immediate 50% monthly reduction in impersonation cases. For FY23 NAB experienced an overall 53% reduction in these cases and 67% reduction in losses for impersonation scams (second half of FY23, compared to first half of FY23). While NAB does not claim this decrease is entirely due to alphanumerical controls (and is likely a combination of several factors such as removing links from text messages and education campaigns), it has contributed to the decrease.

NAB is also participating in the Australian Communications and Media Authority's voluntary pilot for the registry and sees it as an important element in the suite of initiatives being developed across industries designed to protect Australians against scams.

## **Question 2: Do you support the introduction of a voluntary or mandatory SMS Sender ID Registry for alphanumeric sender IDs? Why?**

NAB supports the introduction of a mandatory registry for alphanumeric sender IDs. This would provide the maximum level of confidence and security for legitimate organisations and consumers.

Considerations in the design of a mandatory registry could include:

- Whether the sender is notified if its SMS is blocked (and if so, whether they could re-send the message without the sender ID).
- Implementation of different controls for messages sent with unverified sender ID, depending on the SMS source (e.g. it may be appropriate to automatically block messages from international numbers, but not government agencies).
- Inclusion of a mechanism for third parties to dispute a sender ID registration, to ensure the sender ID is registered to the most appropriate entity and help ensure the registry would not result in 'ID squatting' (e.g. this could potentially be managed in a similar manner to Australia's trademarks registration system, including the opportunity for an entity to object to a registration).
- How to manage similar sender IDs (e.g. would the registry operate in a similar way to trademarks where businesses who operate in different sectors may be able to register similar trademarks for their respective sectors, or would every entity be required to have a completely unique sender ID?).
- Whether companies within the same corporate group could register to use the same sender ID, and whether an authorisation mechanism for contractors (similar to the requirement under the Singapore Sender ID registry) would be appropriate.
- How foreign entities could register.
- Whether a limit would be placed on the number of Sender IDs a business could register (NAB would recommend no limit, or a reasonable limit (e.g. 100), on the number of Sender IDs a business could register).

NAB suggests the registry operator, as part of the authentication process, could check for similar names (e.g. in the case of NAB, that could include "NABBank", or subsidiaries such as "UBANK" etc). Where a similar name is identified, it could:

- Block the application,
- Require further evidence / justification for using a particular name, or
- Send an alert to the already-registered sender ID owner so they have the opportunity to lodge an objection.

The cost of any registry scheme should be shared between entities using the registry and telecommunications companies, which must also ensure scams are not enabled through their platforms.

Telecommunications providers are already obliged to undertake checks to ensure the legitimate use of sender IDs under the Reducing Scam Calls and Scam SMS Industry Code. NAB expects a mandatory registry would reduce the burden of ensuring sender ID use legitimacy, which would also reduce compliance costs.

It will also be important to ensure the registry is designed with sufficient flexibility to respond to changes in the operational environment. This could include the method by which alphanumeric protections are implemented and managed, and / or to account for the adoption of Rich Communication Service messaging.

### **Voluntary registration**

NAB strongly supports making the proposed SMS ID registry mandatory, rather than voluntary.

A voluntary scheme has the potential to confuse members of the public, who could still find it challenging to distinguish registered from unregistered IDs. The existence of a voluntary registry may even lead members of the public to have more confidence in all sender IDs, regardless of whether they are registered or not.

Incomplete coverage is also a risk. Organised criminal groups involved in scam activity are adept at identifying weaknesses in systems and controls. A voluntary registry increases the risk that scammers will shift their activities to focus on entities that have not registered their sender ID, and continue to perpetrate scam activity through SMS impersonation scams. Consumers will continue to receive scam SMS impersonating brands and find it difficult to identify scam messages, which will likely leave them vulnerable to scams and distrustful of all SMS communication.

### **Question 3: What, if any, transition arrangements are required?**

The Department could consider phased implementation of a mandatory registry over a set period of time. This could involve the Government labelling unregistered IDs as 'unverified sender ID' during the transition period before implementing full blocks on SMS with unregistered IDs when the mandatory registry comes into operation.

Key considerations would include:

- Transition timeframe (NAB suggests this period should be as short as reasonably possible).
- Design of interim measures (e.g. labelling messages as 'likely scam', similar to the interim measures in Singapore, could unfairly impact unregistered ID owners).
- Education and awareness activity required to ensure consumers understand the system, how it operates, and what certain labels/warnings mean.

## **Conclusion**

Thank you for the opportunity to provide comments on the type of SMS sender ID registry that should be introduced in Australia. NAB supports the introduction of a mandatory registry, which presents an opportunity to stop scam activity before it occurs and make Australia a more difficult place for criminals to be successful. In NAB's view, a mandatory registry can provide better protection for consumers without imposing undue burden on any one sector or entity.

NAB looks forward to ongoing engagement with Government on this topic. NAB is very happy to discuss any aspect of this submission with the Department.