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Scams Taskforce
Market Conduct and Digital Division
Treasury
Langton Cres
Parkes ACT 2600

Via online submission



**Victorian
Chamber of Commerce
and Industry**

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Dear Scams Taskforce

The Victorian Chamber of Commerce and Industry welcomes the opportunity to provide a submission on the Federal Government's Scams Code Framework.

As Victoria's leading business and industry body, each year the Victorian Chamber informs and services more than 85,000 members, customers, and clients across the State. Our work encompasses all industry sectors, spanning small, medium, family, and large enterprises.

The position presented in this submission has been informed by our ongoing member consultation. We would be happy to meet to discuss this submission.

If you would like to discuss this in more detail, please contact Nicole McLean, Principal Adviser, Policy and Advocacy, on 0475 123 838 or NMcLean@victorianchamber.com.au

Yours sincerely,

Paul Guerra
Chief Executive

Introduction

The Victorian Chamber of Commerce and Industry welcomes the opportunity to provide a submission on the Federal Government's Scams Code Framework (the Framework). As Victoria's leading industry body, the Victorian Chamber is the voice of more than 85,000 members, customers, and clients across the State. We represent all industries and businesses – small, medium, family and large.

The Victorian Chamber is supportive of the Federal Government's three guiding principles to the Framework, including a whole-of-ecosystem approach that is flexible and responsive and leverages existing regimes.

We also commend the Government for refraining from adopting a UK-style approach to scams, which sees banks bear the brunt of scam-related costs and refund people who have been tricked by scammers.¹

As previously identified in the Victorian Chamber's Cyber Security and Scams Policy Position,² the type of scam that banks spend most of their time trying to resolve are investment scams – fraudulent investment opportunities frequently published on digital platforms.

To address this, we believe greater emphasis is needed in the Framework on digital platforms and online marketplaces to enhance protection of consumers and business alike – but particularly 'mum and dad' businesses.

Our submission provides feedback on certain areas of the Government's proposed Framework. In particular, the inclusion of cryptocurrencies, development of a flexible and responsive framework, leveraging the Australian Financial Crimes Exchange (AFCX), agglomeration of all sectors under the one external dispute resolution scheme, and clarification of the definitions of a scam, fraud, digital platform and online marketplace.

This submission has been informed by ongoing consultation with the Victorian business community.

Recommendations

1. Incorporate cryptocurrencies into the Framework as soon as possible to protect consumers and businesses from scammers.
2. Develop a flexible and responsive Framework to ensure it captures emerging and future technologies (e.g., AI).
3. Leverage the Australian Financial Crimes Exchange (AFCX) and expand its remit to include scams involving telcos and digital platforms as well as banks.
4. Agglomerate all sectors under the one external dispute resolution scheme to streamline dispute resolution processes.
5. Clearly define what constitutes a scam, fraud, digital platform and online marketplace in the Framework and hold digital platforms responsible for scams that occur on their online marketplaces.

¹ The Guardian (2023). *UK banks to reimburse fraud victims under new rules, regulator confirms*.

<https://www.theguardian.com/money/2023/jun/07/uk-banks-to-reimburse-victims-under-new-rules-regulator-confirms>

² Victorian Chamber (2023). *Cyber Security and Scams Policy Position*. <https://www.victorianchamber.com.au/policy-and-advocacy/initiatives/cyber-security-and-scams-policy-position>

Incorporate cryptocurrencies into the Framework

The Victorian Chamber welcomes the whole-of-ecosystem approach, which includes banks, telecommunications providers (telcos), and digital platforms, to address scams. However, there is a strong need to incorporate cryptocurrencies, and therefore digital currency exchanges, into the Framework as quickly as possible.

Once the Federal Government has introduced its regulatory framework on digital asset platforms,³ which will include crypto licensing, we urge the Government to immediately review the Scams Code Framework to include cryptocurrency into scams ecosystem.

Cryptocurrencies are a critical component of scams. The omission of cryptocurrencies from the Framework will cripple its intended effect to protect consumers and businesses from scammers.

Develop a flexible and responsive Framework

The Framework must be flexible and responsive to technological advancements. The Federal Government needs to make sure the Framework is flexible enough to capture any emerging or future technologies (e.g., AI).

The Government must also ensure that the language used is not too descriptive to avoid exclusion of any current, emerging or future technologies.

Conversely, if the wording in the Framework is ambiguous, it will be hard to know when entities captured by the Framework have met their obligations.

Careful consideration of the wording in the Framework must be at the forefront of the policy writers in the Scams Taskforce, who are responsible for designing the Framework.

Leverage the Australian Financial Crimes Exchange (AFCX)

The Victorian Chamber encourages the Federal Government to further leverage existing regimes when developing the Framework. The AFCX should be leveraged by all banks, telcos and digital platforms to fight off scammers.

As the AFCX's primary role is to share data across the banking industry to shut down scams, its remit should be expanded to include scams involving telcos and digital platforms. One great example of this last year was when Optus partnered with the AFCX to block calls to numbers the AFCX identified as a scammer.⁴

The Federal Government should seek to implement a 'Team Australia' approach to scam blocking and prevention and implement measures that address the entire scam ecosystem. Further leveraging the AFCX would also improve consistency of data sharing across the entire scam ecosystem.

³ Australian Government (2023). *Regulating digital asset platforms*. <https://treasury.gov.au/consultation/c2023-427004>

⁴ itnews (2023). *Optus, banking sector roll out call-back scam blocks*. <https://www.itnews.com.au/news/optus-banking-sector-roll-out-call-back-scam-blocks-598011>

Agglomerate all sectors under the one external dispute resolution scheme

There are some limitations in leveraging existing external dispute resolution (EDR) schemes. The existence of different EDR schemes means that consumers are at risk of being referred back and forth between the schemes, creating confusion for consumers.

The Framework must ensure consistency among the different sectors – consumers, telcos, banks and digital platforms. Otherwise, the whole approach will be undermined.

To avoid segmentation and confusion around the remits of each individual EDR scheme, the Victorian Chamber is of the view that each of the sectors should fall under the one EDR. This would streamline dispute resolution processes and help to reduce the time it takes to reach a resolution.

Clearly define what constitutes a scam, fraud, digital platform and online marketplace

There is a lack of clarity over certain definitions in the proposed Framework. The Federal Government needs to make sure that it clearly outlines the difference between a scam (authorised payment) and a fraud (unauthorised payment) to limit confusion for consumers.

Additionally, the definition of what constitutes a digital platform must take into consideration online marketplaces. Online marketplaces, which are housed on digital platforms, are prone to scams. Currently, the only avenue for consumers and businesses to pursue dispute resolution for online marketplace scams is via the banking sector.

Consumers and businesses should be able to raise scam complaints and disputes with the actual propagators of online marketplaces where the scams are being hosted. This concept is foundational to the Government's policy intent of driving scam prevention uplift across all ecosystem players.

Digital platforms need to be held accountable for scams that occur on their platforms as they have far more control over consumer and scammer behaviour than banks do in this context.

The Victorian Chamber urges the Federal Government to provide a clear definition of what constitutes a digital platform and an online marketplace and ensure both definitions are incorporated into the Framework.

Concluding remarks

Scams gravely impact consumers and businesses alike. We must ensure that the Scams Code Framework is fit-for-purpose, clear and consistent across all consumers and sectors. The Victorian Chamber urges the Federal Government to take up our five pragmatic recommendations to fight scams in our community.