



2 February 2024

Mr James Kelly
First Assistant Secretary
Financial Systems Division
Treasury, Langton Cres
Parkes ACT 2600

Dear Mr Kelly,

We thank you and Treasury for the opportunity to make a submission into the second consultation into Mandatory Industry Codes for Scams.

About Wise

Wise is a global technology company, building the best way to move and manage money around the world. With the Wise account, people and businesses can hold over 50 currencies, move money between countries and spend money abroad.

Large companies and banks use Wise technology too; an entirely new cross-border payments network that will one day power money without borders for everyone, everywhere. However you use the platform, Wise is on a mission to make your life easier and save you money.

Co-founded by Kristo Käärman and Taavet Hinrikus, Wise launched in 2011 under the name TransferWise. It is one of the world's fastest growing, profitable technology companies and is listed on the London Stock Exchange under the ticker, WISE.

16 million people and businesses use Wise, which processes around £9 billion in cross-border transactions every month, and in 2023 alone, we saved customers £1.5 billion in fees. We now welcome 100,000 new personal and business customers to the platform each week.

Consultation Response

Wise is restricting its answers to specific questions to which it can provide a meaningful response. Answers to specific questions will come following the specific questions which have been posed.

Wise operates under many different jurisdictions and notes that the development of anti-scam policy is an important mechanism to ensure confidence in the payments system and the financial system more broadly.

The increasing prevalence of scams serves to undermine this confidence and serves to undo many of the advances in payments which have occurred over the past 25 years of development of electronic and online payments.

Wise's customers benefit from these advancements including instant international payments, lower costs, higher levels of convenience and greater flexibility in running their lives and businesses. Wise is keen to engage on how to best combat scams given the need to protect consumers and promote trust and confidence in the payments systems.

Broadly speaking, Wise views the scams framework outlined by the government as being appropriate as a means of identifying the areas of responsibility where scams are promulgated, disseminated and actioned. Wise believes that telecommunications companies, digital platforms and financial institutions all have a role to play in stopping scams and preventing their platforms from being used for such.

Wise's key feedback to provide to Treasury at this point is that the experience of anti-scam legislation in the United Kingdom - where Wise is headquartered - has delayed the introduction of their mandatory reimbursement scheme by six months to October 7, 2024 citing the, "need to ensure the critical systems needed to support the requirement must be in place."¹

Wise notes that the position of mandatory reimbursement as adopted by the United Kingdom creates significant moral hazard, undermines the effectiveness of other anti-scam measures and is likely, in the words of Minister Stephen Jones, to create a "honeypot" where scammers can make fraudulent claims against financial institutions.²

Wise strongly encourages the Australian Government to avoid a mandatory reimbursement scheme along the lines of that introduced by the UK Government.

We also note that the UK framework *does not* include any regulation of telecommunications or digital platforms with the PSR noting that it does not have the power to regulate these areas. We believe that this is a major shortcoming of the UK framework and we are greatly encouraged by the Australian government's holistic approach to the scam ecosystem.

¹ 19/12/2023, UK, Payment Systems Regulator, Press Release, "PSR continues to take bold action on APP fraud as it publishes final reimbursement details ahead of 2024 implementation" accessed from: <https://www.psr.org.uk/news-and-updates/latest-news/news/psr-continues-to-take-bold-action-on-app-fraud-as-it-publishes-final-reimbursement-details-ahead-of-2024-implementation/>

² 24/11/2023, Hon. Stephen Jones, Launch of Scam-Safe Accord, Australian Banking Association <https://www.ausbanking.org.au/press-conference-scam-safe-accord-launch/>

Responses to specific questions

7. What impacts should the Government consider in deciding a final structure of the Framework?

In determining the final structure of the Framework, government should allow for flexibility in the definition of digital platforms to ensure that new forms of digital platform are contained within the definition.

8. Is maintaining alignment between the definition of 'scam' and 'fraud' appropriate, and are there any unintended consequences of this approach that the Government should consider?

Wise believes alignment between the definition of scam and fraud is appropriate. Wise cannot see an unintended consequence of this aligned definition.

9. Does a 'dishonest invitation, request, notification, or offer' appropriately cover the types of conduct that scammers engage in?

Scammers operate in the realm of dishonest invitations, requests, notifications or offers. Wise would consider adding the use of the term "inducement" to take into account the explicit dishonest inducements which are underlying parts of investment scams.

10. Does the proposed definition of a scam appropriately capture the scope of harms that should be regulated under the Framework?

Wise views the definition of a scam as appropriate.

11. What impacts should be considered in legislating a definition of a scam for the purposes of this Framework?

Wise queries whether the current definitions for pre-existing crimes - particularly those of fraud or obtaining financial advantage by deception are already suitable mechanisms to describe the criminal ill which is seeking to be solved.

The potential pitfalls of instituting a new definition of behaviour which has already existed are unforeseen but Wise queries the rationale to introduce a new definition for behaviour which has been previously described in legislation.

13. Should the definitions of sectors captured by the Framework be set out in the primary law or in the industry-specific codes?

Given the rapid development of the financial technology industry, Wise believes that there needs to be more flexibility in the definitions of sectors and therefore definitions of sectors should be contained in industry-specific codes.

14. What impacts should the Government consider in deciding the definitions of digital communications platform or ADI?

The government should be aware that the definition of an ADI would include holders of Limited ADIs such as Wise. Wise operates as a holder of a PPF Licence Holder and does not receive a considerable amount of the assistance through, for instance, the Financial Claims Scheme and the underlying guarantee of consumer deposits as exists for full ADI's.

Government should consider that there is no benefit to using the definition of an ADI to regulate scams given the use of a platform for nefarious purposes is not delineated based on the licence under which the platform operates, rather there should be a activities based approach to combating scams so that a Payment Service Provider or Purchased Payment Facility provider are regulated on the same basis based on the activities they are engaged in rather than the licence they operate under.

23. How often should businesses be required to review their anti-scam strategies and should this be legislated?

The rapid pace of evolution of scams dictates that this should not be a time defined period but rather the requirement to review should be on a risk based approach and should be subject to direction from trigger events.

The requirement should not be legislated as it would mean considerable inflexibility in the review of anti-scam strategies and potentially leave organisations open to deficiencies in fast moving environments.

24. Are there any reasons why the anti-scams strategy should not be signed off by the highest level of governance within a business? If not, what level would be appropriate?

Wise Australia Pty. Ltd is a subsidiary company which operates in Australia under Wise PLC which is the parent company headquartered in the United Kingdom. The highest level of governance in our business could be considered the Wise PLC Board which does not have day to day oversight of the Wise Australia Pty. Ltd. entity which is vested in the Wise Australia Pty. Ltd. board.

Therefore the most suitable level for Wise at which an anti-scams strategy should be signed off at is the country-level management and board of directors - *not* "the highest level of governance within a business" which would be Wise PLC.

Wise believes that anti-scams strategy should be signed off by the highest level of governance with the addendum that it is the highest level of governance *in Australia*.

45. Should the penalties for breaches of sector-specific codes, which sit in their respective sector legislation, be equal across all sectors?

Penalties for breaches should be calibrated based on the severity of behaviour and the inability or unwillingness of the relevant organisation to remediate identified deficiencies or other matters. The penalty regime cannot reasonably be calibrated across industries given the differences in quantum and breadth of behaviour which leads to breach.

Therefore penalty provisions need to be subjected to individual assessment in each sector-specific code.

We thank Treasury for the opportunity to make this submission.

Yours faithfully,



A handwritten signature in black ink, appearing to read 'Jack Pinczewski', is written over a faint, circular, dotted watermark background.

Jack Pinczewski
APAC Government Relations Lead
Wise