



29 November 2024

Encouraging action against online financial scams – an open letter to the New Zealand telecommunications sector

Online financial scams are a growing problem in New Zealand. Last year, it was reported that New Zealanders lost nearly \$200 million to scams. However, Netsafe and the Global Anti-Scam Alliance have estimated that losses could be as high as \$2 billion, when considering losses that are not reported.

As the newly appointed lead Minister for combatting scams, I recognise that Government, industry and consumers all play a role in addressing this issue.

Telecommunications services are a key facilitator in transmitting scams, alongside the digital platform sectors. Today, I encourage you to take immediate action to enhance the telecommunications sector's approach to addressing scams, to better protect consumers.

1: Enhancing consumer protections and compensation measures

I understand that currently, the Telecommunications Forum's voluntary industry Scam Prevention Code is focussed on managing and responding to scams within the telecommunications sector.

In my open letter to the banking sector on 29 February 2024, I asked that it update the Code of Banking Practice and investigate a voluntary reimbursement scheme for scam victims. The banking sector has been cooperative, and I am receiving regular updates about this work.

The banking sector has provided me with advice on its draft compensation scheme, and I encourage you to engage with them. I consider there is strong merit in both sectors being aligned, especially where scam messages have travelled through your telecommunications' services. To this end, I encourage you to update your industry Scam Prevention Code to align your scam prevention efforts with the banking and digital platform industry. I will also be asking the digital platform sector to be part of this work.

2: Clarifying resolution options for consumers

I understand there is currently confusion and lack of clarity around where consumers take scam disputes. If a consumer is not satisfied with how a telecommunications provider has dealt with their scam report, I would like you to confirm that they are able to take this to a telecommunications dispute resolution scheme.

Should you join with the banks' draft compensation scheme, the schemes could also address any disputes about the level and proportion of compensation between the parties.

3: Ongoing engagement with the banking and digital platforms sectors

I recognise that online financial scams are complex and are spread across the banking, telecommunications, and digital platforms sectors, and that an ecosystem approach is required to uplift all sectors to combat scams.

Due to the highly complex nature of scams, there is strong merit in sectors working together. I would like to see the telecommunications sector, where possible, be proactive in engaging with banking and digital platform sectors to better combat scams.

I look forward to engaging with the telecommunications sector at my Scams Roundtable event on 6 December 2024, and on an ongoing basis, to continue the discussion around preventing scams. I am also interested in receiving updates about your progress in implementing the above initiatives.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Bayly', written in a cursive style.

Hon Andrew Bayly

Minister of Commerce and Consumer Affairs