

Submission to the Treasury and the Department of Infrastructure,
Transport, Regional Development, Communications and the Arts

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

Public version

[CIC begins] – [CIC ends] – information not to be released

20 March 2024

1. Introduction

Sinch welcomes the opportunity to participate in the Department of Infrastructure, Transport, Regional Development, Communications and the Arts' (**Department**) Consultation Paper on *Fighting SMS Scams – What type of SMS sender ID registry should be introduced in Australia?* (**Registry**).

Sinch, comprising wholly owned subsidiaries including Sinch Australia, Sinch MessageMedia and Sinch ClickSend, is a leading CPaaS provider of messaging, voice and email services to enterprises around the globe, delivering hundreds of millions of messages per month within Australia, and enabling businesses of all sizes, and across all sectors of the economy, to optimise how they communicate and engage with their customers.

As global leaders in SMS, the Sinch Group has collective and extensive experience working within international anti-scam regulations. Specifically, Sinch has direct experience in the establishment of the Mobile Ecosystem Forum (**MEF**) in the United Kingdom, and closer to home we collaborated with our Australian industry colleagues as part of the Communications Alliance to develop *Industry Code C661:2022 Reducing Scam Calls and Scam SMS* (**Scam Code**). We also continue to consult with the Australian Communications and Media Authority (**ACMA**), the Australian Competition and Consumer Commission (**ACCC**) and the Treasury on important anti-scam reforms across the ecosystem.

Whilst the Consultation Paper seeks feedback on three specific questions, Sinch considers it important to consider broader factors, particularly in the context of an already complex and changing regulatory landscape. This submission therefore provides feedback on a range of technical, regulatory, and commercial considerations.

2. Summary

Sinch recognises the critical importance of protecting Australia's consumers and businesses from scams and Sinch supports appropriate, evidence-based reforms in that regard.

The Consultation Paper seeks industry feedback on, amongst other things, whether the Registry should be mandatory or voluntary. Sinch notes that whilst the ACMA commenced consultation about a central sender ID register in 2023, consultation has largely taken place in closed forums between the ACMA, and individual select industry participants. As a result, Sinch considers the Consultation Paper is missing critical detail regarding the Registry's design, making it difficult for industry to engage in a constructive way with the limited questions posed.

Recent publications from the ACMA and the ACCC show blocked SMS numbers increasing whilst financial losses and complaints are decreasing. Published data also highlights that scammers continue to target well-known brands. In this context, Sinch supports regulation of alphanumeric sender IDs aimed at protecting brands that are impacted most by scams, however, Sinch considers it premature to introduce a mandatory Registry. SMS is a growing and trusted communication channel connecting businesses with customers and stakeholders, and we believe a mandatory Registry will:

1. counter that growth by putting SMS out of reach, particularly for small businesses who will find it cost and time prohibitive; and
2. have a detrimental impact on consumers and the economy more broadly given SMS is a critical channel enabling commerce and trusted communications.

Given the plethora of planned regulatory reforms impacting the telecommunications sector, Sinch considers it appropriate for the Australian Government to develop a coordinated, evidence-based forward program of regulatory initiatives in consultation with industry prior to establishing a mandatory or voluntary Registry. This will ensure the impacts of proposed reform initiatives on industry, business and the economy more broadly are fully understood, and tailored essential reforms are tabled for inclusive consultation.

Effective law reform requires education, and whilst the Government's focus has largely been on consumers, Sinch believes an ecosystem-wide Government led education campaign is required, with industry playing a key partnership role.

As a trusted provider to business, Sinch welcomes the opportunity to collaborate with Government and our industry colleagues on appropriate reforms and education to combat scams.

3. Impact of existing anti-scam rules and regulations

Sinch is a leading CPaaS provider operating in over 60 countries around the world and provides a critical communication platform for thousands of businesses, in particular small businesses, sending legitimate messages into Australia using alphanumeric sender IDs that have a valid use case in accordance with the Scam Code.

In this section, we draw on our insights from various jurisdictions that have implemented a central registry or sender ID specific requirements.

3.1 Australia

3.1.1 Impact on Sinch

Sinch is a member of the Communications Alliance, and formed part of the working committee that developed the existing Scam Code. Over recent years, the Sinch Group has invested heavily in anti-scam initiatives which include: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3.1.2 Impact on customers

Many Carriers and Carriage Service Providers (**CSPs**) have implemented their own alphanumeric sender ID registration processes since the Scam Code came into effect. Those processes necessarily imposed obligations on customers to provide information regarding their valid right to use a particular alphanumeric sender ID. Sinch anticipates that the proposed Registry would require re-investment of similar efforts by customers.

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

3.1.3 Impact on scammers

Data from the ACCC¹ and the ACMA² shows that scam losses are trending down. Australians reported less losses to scammers in the October to December 2023 quarter compared to the same quarter the year prior, and fewer complaints were received. Data published by the ACCC also showed that scammers actively target Australian consumers by predominantly impersonating well-known brands.

Across the Sinch Group we have collectively blocked [REDACTED]

[REDACTED] We acknowledge that our anti-scam efforts, and those of our industry colleagues, are forcing scammers to change tactics and move to alternative channels, however this means that increased regulation of SMS is even less likely to eliminate scams, nor be an effective use of limited industry and business resources.

Sinch considers there to be strong evidence that the Scam Code is now well-understood by industry and is working. On this basis, Sinch considers it would be more appropriate for any new regulations to be targeted at known gaps in the ecosystem, such as the banking sector.

3.2 Singapore

Since the implementation of the Singapore Registry on 31 January 2023, Sinch has seen a decline in legitimate, non-spam and non-scam traffic, ultimately having the effect of hampering commerce. Within the first month

¹ ACCC, *Quarterly Update*, October to December 2023.
https://www.accc.gov.au/system/files/National-Anti-Scam-Centre-in-Action_quarterly-update-October-to-December-2023_0.pdf
² ACMA, *Action on scams, spam and telemarketing*, July to September 2022; October to December 2022; January to March 2023; April to June 2023; July to September 2023; and October to December 2023.
(https://www.acma.gov.au/action-spam-and-telemarketing?utm_medium=email&utm_campaign=ACMA%20action%20on%20scams%20spam%20and%20telemarketing%20October%20to%20December%202023&utm_content=ACMA%20action%20on%20scams%20spam%20and%20telemarketing%20October%20to%20December%202023+CID_905169a945917b4c90a18a45bc063942&utm_source=SendEmailCampaigns&utm_term=publish%20information%20each%20quarter)

after the regulations took effect, legitimate sending volumes into Singapore by Sinch customers



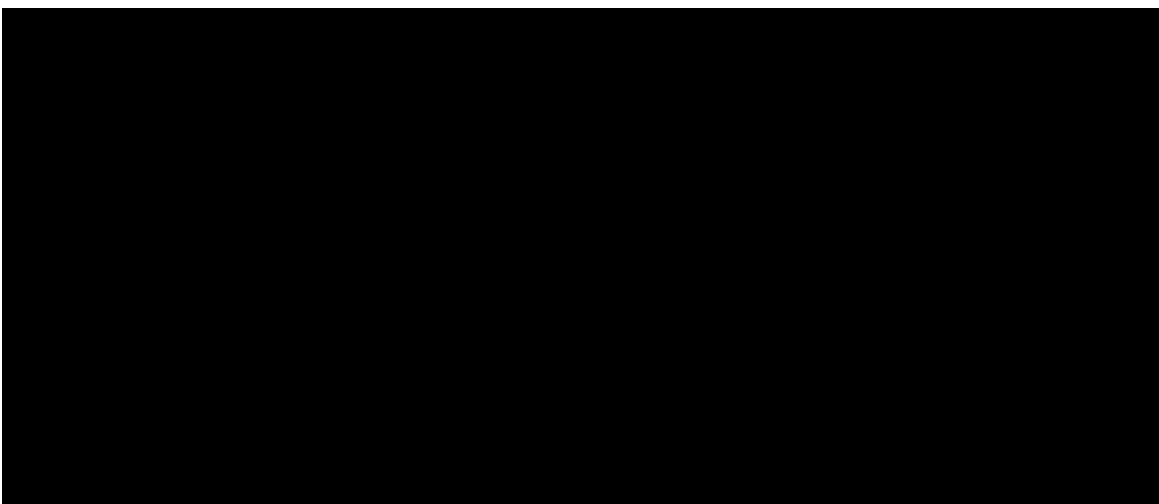
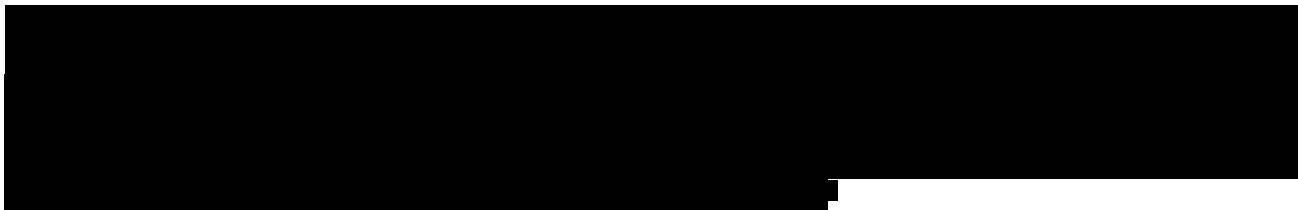
Sinch believes this is directly caused by the onerous and expensive mandatory registration process that requires the sender to have a legal entity registered in Singapore (and subject to Singapore company law).

Once that pre-condition is met, businesses are also faced with a cumbersome registration process that requires paper-based forms to be passed between customers, aggregators and the Infocomm Media Development Authority. Operationally, this necessitated additional resourcing within CSPs to support customers to navigate the process. Senders also incur significant set up and ongoing annual per-ID registration fees.

In addition, legitimate messages using unregistered alphanumeric sender IDs were labelled as 'likely scam', damaging business' reputation with their customers.

3.3 United Kingdom

Sinch's Chief Evangelist and Co-Founder, Robert Gerstmann has been involved in the MEF since 2015 and has recently been appointed as Chair. Leveraged in the UK, Spain and Ireland, the MEF-style registry is designed to combat smishing of high-value brands that are typically targets such as banks, logistics companies and government. Whilst the UK, Ireland and Spain do not mandate participation it has been adopted by some of the largest brands in those countries and does achieve a balance of maintaining dynamic sender IDs to the benefit of business SMS as a channel, whilst succeeding to block the vast majority and most damaging smishing cases.



3.4 United States of America

In the United States, the introduction of an approved A2P channel (10DLC) concurrently brought about the establishment of a registry ("**The Campaign Registry**"). The Campaign Registry serves as the information hub and reputation management authority for the 10DLC channel. Working at the intersection of the CSP, MNOs as well as Vetting Partners throughout the implementation of this new Registry, Sinch and its subsidiaries SimpleTexting and Sinch MessageMedia have had input and a tremendous amount of learnings.

Sinch's concerns raised with the ACMA in previous consultations about the US approach were that whilst a phased approach has been utilised, it was hampered with a lack of transparency and ever-changing implementation framework / requirements creating a burden on CSPs. A key to success has been automation of The Campaign Registry, and subsequent tight integration to MNOs/DCAs and CSPs for management of campaigns. Further, the commercialisation model has made the Registry accessible to businesses of all sizes with a minimal cost to register and access to a high throughput (larger bands at greater risk) at a higher cost.

3.5 Italy

Italy recently introduced new regulations requiring business messaging service providers to register sender IDs on a central registry (**Alias Registry**), managed by the Italian Communications Guarantee Authority. To register, specific company information including the tax code, VAT number, and Italian certified address must be provided.

Under the original design, business messaging service providers were prohibited from sending messages using aliases without first confirming to the Sender user that the Alias associated with the Sender user has been successfully registered. Where an alias had already been registered by another business messaging service provider, or had previously been deleted, the business messaging service provider was required to block the sending of messages using that alias. Significant penalties, ranging from EUR 240,000 to 5,000,000 applied for non-compliance.

Challenges with the Alias Registry include its dependency on heavily manual registration processes, which drives up operational costs for businesses. In addition, rapid implementation with registration criteria that had the effect of discriminating against international senders led to an appeal procedure that resulted in annulment of parts of the legislation. The competent Administrative Court of Lazio annulled the provision of the Alias Regulation that imposed the blocking of SMS traffic with an Alias directed to the Italian territory and coming from abroad.⁴ Accordingly, there is no obligation on providers to block messages from abroad, and therefore messaging services with Alias can also be provided to sender users who do not have a permanent establishment in Italy.

3.6 Lessons learned from existing regulations

Sinch considers there are valuable lessons to be learned from the experience of international regulators and organisations within Australia, and recommends the Australian Government give consideration to these factors in forming any Registry (voluntary or mandatory), in particular to ensure the solution is automated, integrated and deployed at minimal cost, and accessible to businesses of all sizes.

⁴ Article 2, paragraph 10, Alias Regulation.

In its submission to the Treasury's proposed Mandatory Scam Code Framework, the Australian Chamber of Commerce (ACCI) recommended it would be prudent to avoid implementing any overlapping or additional regimes.⁸ Currently, there are a number of in-flight telecommunications regulatory reforms, including the:

- (a) Mandatory Scam Code Framework consultation led by the Treasury;⁹
- (b) licensing and registration scheme for CSPs proposed by the Department;¹⁰ and
- (c) ACCC's public enquiry into the declaration of the domestic transmission capacity service, fixed line services and domestic mobile terminating access service.¹¹

Sinch strongly encourages the Australian Government to approach regulatory reform in a similar manner to the European Commission, that is, based on evidence and coordinated across government departments and agencies, with a clear objective to minimise cost, disruption and duplication for industry and business.

As noted above, data published by the ACMA and the ACCC shows that in under two years, the Scam Code has been effective in mitigating the risks of SMS scams impacting Australian consumers. These results have been achieved through significant investment and collaboration across industry and its business customers. Businesses have been required to register valid use cases for alphanumeric sender IDs with their messaging providers pursuant to the Scam Code requirements.

A mandatory Registry would force those businesses to invest time and money in re-registering alphanumeric sender IDs centrally with the Registry, or otherwise risk being blocked, and their business disrupted.

In contrast, a voluntary Registry would provide protection to the brands that are most at risk of impersonation without creating excessive additional costs for smaller businesses and CSPs more generally.

4.4 Detailed technical design

Sinch acknowledges the ACMA is piloting a registry with some mobile network operators, however a large segment of industry, particularly aggregators and CSPs more broadly, have not been privy to the technical design. Sinch considers the technical design of the Registry pertinent to the questions posed in the Consultation Paper, and requests the Government share further detailed information for consideration by industry.

Our preliminary comments on technical considerations are set out in this section.

4.4.1 Eligibility criteria

Early architectural designs shared by the ACMA during the targeted consultation in 2023 suggested the Registry

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

⁸ Australian Chamber of Commerce and Industry, *Mandatory Scam Code Framework, ACCI Submission*, January 2024, page 2. [Mandatory Scams Code Framework \(australianchamber.com.au\)](https://www.australianchamber.com.au/mandatory-scams-code-framework)

⁹ <https://treasury.gov.au/consultation/c2023-464732>

¹⁰ <https://www.infrastructure.gov.au/have-your-say/discussion-paper-carriage-service-provider-csp-registration-or-licensing-scheme-telecommunications>

¹¹ <https://www.accc.gov.au/by-industry/regulated-infrastructure/regulatory-projects/public-inquiry-into-the-declaration-of-the-domestic-transmission-capacity-service-fixed-line-services-and-domestic-mobile-terminating-access-service>

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

4.4.2 Ecosystem complexity

In the targeted consultation, Sinch raised concerns that the preliminary technical design deployed in the pilot, particularly the limitation of single source origination, fails to recognise the complexity of the SMS ecosystem. Currently, for commercial or back-up purposes, a business may directly engage multiple SMS providers for sending messages using the same alphanumeric sender ID. It is also technically possible for multiple providers to be involved in sending messages for a business customer through resale arrangements between CSPs. The SMS tech stack is often fluid, so it would be difficult for businesses to specify which providers are authorised at any point in time to use that business’ registered alphanumeric sender IDs. Further, Sinch notes it would also be challenging for all providers across the entire supply chain to have proof of a valid use case for the sender – they would necessarily need to rely on the Registry itself for proof.

4.4.3 Technical limitations

Sinch notes there are technical challenges and inconsistencies with the character limitations imposed on alphanumeric sender IDs. Some carriers have difficulty delivering messages using alphanumeric sender IDs that are ‘too long’ or ‘too short’, i.e. less than three characters or more than 11 characters. This significantly narrows the availability of alphanumeric sender IDs that can be registered, particularly when coupled with the restrictive eligibility criteria referred to above.

As an example, [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

In previous consultations, Sinch invited the ACMA to participate in small-group workshops with our customers to discuss these issues. We would be happy to extend this invitation to the Department.

4.5 Costs imposed on business

A mandatory Register could make SMS communication between a business and its customers cost-prohibitive based on the investment of time and money involved. This will undoubtedly have flow on effects to the Australian economy more broadly given the role SMS plays in facilitating commerce.

Sinch echoes the ACCI's views¹² that the impost of some of the proposed scam law reforms on small business will be "too great", noting small businesses lack the time and resources to navigate complex legislative obligations. In relation to registration costs, Sinch's position is that regulation should be targeted to the larger well-known brands most at risk of impersonation, and that if any cost is to be charged for small businesses, those costs are relative to that business' sending volumes so as to not disadvantage businesses with lower volumes of traffic.

For CSPs, a mandatory regime creates a risk that traffic will be routed illegally, as some providers may seek to avoid the compliance costs.

Sinch has previously raised concerns regarding the potential for a multi-regulator approach to result in an unnecessary operational burden on industry. We note similar concerns have been raised by other groups including the Law Council of Australia¹³ who recommended that a coordinated approach be put in place to avoid regulatory duplication and overlap.

5. Transitional arrangements

Given the extensive regulatory obligations that already exist in the sector, and the growing number of departments and agencies providing regulatory oversight of anti-scam initiatives and compliance, Sinch recommends proactive alignment across Government on proposed reforms and a clear transition plan socialised with stakeholders.

Industry and business have invested heavily in technology over recent years, partly owing to changes driven by the COVID-19 pandemic, but also as a result of downstream effects of compliance with the Scam Code. Businesses are already overwhelmed in a struggling economy, and whilst we are cognisant that some consumer groups feel industry is moving too slowly when it comes to advancing measures to combat scams, we are concerned that a poorly planned, poorly executed and complex reform agenda will be dire for Australian businesses, competition and consumers.

Our experience working with small, medium and large business customers to implement the Scam Code, some of which has been shared in this submission, is that change of this scale takes time to implement, and accordingly Sinch anticipates a lengthy transitional period (at least 12 months, possibly more depending on the technical design of the Registry) will be necessary. To avoid confusion, duplication and disruption to business, Sinch recommends that appropriate transitional arrangements be put in place to coincide with planned developments within the National Anti-Scam Centre (**NASC**). This timeframe would allow for:

¹² Australian Chamber of Commerce and Industry, *Mandatory Scam Code Framework, ACCI Submission*, January 2024, page 4. [Mandatory Scams Code Framework \(australianchamber.com.au\)](https://www.australianchamber.com.au/publications/mandatory-scam-code-framework)

¹³ Law Council of Australia, *Scams – Mandatory Industry Codes*, 2 February 2024, page 3. <https://lawcouncil.au/publicassets/a80afb42-44c9-ee11-948f-005056be13b5/4487%20-%20S%20-%20Scams%20mandatory%20industry%20codes.pdf> page 3.

- (a) greater collaboration across relevant regulators (ASIC, the ACCC, the Treasury and the ACMA) in relation to all areas of reform impacting the sector;
- (b) current technological advancements in RCS and digital identity law reform to materialise;
- (c) Government's decisions regarding reform to be based on insights gathered from the review of the Scam Code and related industry codes as well as lessons from other jurisdictions and the ACMA's pilot; and
- (d) development of an educational campaign led by Government aimed at supporting businesses through this reform. At a minimum, support should include, as the ACCI recommended in its submission on the Mandatory Scam Code Framework,¹⁴ a dedicated hotline to advise small businesses on their obligations.

6. Conclusion

Sinch recognises the critical importance of protecting Australia's consumers and businesses from scams and we support appropriate reforms in that regard focussing on the brands that are at most risk of impersonation. From a policy perspective, Sinch considers that any further anti-scam reforms should be evidence-based following a comprehensive review of the existing regulatory framework, in particular, the Scam Code.

Sinch welcomes the opportunity to participate in industry workshops, to comment on an exposure draft of the proposed legislation, regulations or industry codes and to support Government-led educational campaigns to help business.

Please contact: [REDACTED]

[REDACTED]

¹⁴ Australian Chamber of Commerce and Industry, *Mandatory Scam Code Framework, ACCI Submission*, January 2024, page 3. [Mandatory Scams Code Framework \(australianchamber.com.au\)](https://australianchamber.com.au/mandatory-scams-code-framework)