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Abacus
Australian Mutuals

Association of Building Societies and Credit Unions

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Ms Cathryn Ollif
A/Secretary
Parliamentary Joint Select Committee on Cyber-Safety
Department of the House of Representatives
Parliament House
Canberra ACT 2600

Sent via email: jssc@aph.gov.au

Dear Ms Ollif

Inquiry into Cybersafety for Senior Australians

Thank you for the opportunity to contribute to the Joint Select Committee on Cyber-Safety (the Committee) inquiry into cybersafety for senior Australians.

Abacus – Australian Mutuals is the industry body for mutually-owned Authorised Deposit-taking Institutions (ADIs). The mutual banking sector comprises 89 credit unions, 7 mutual building societies and 6 mutual banks, with total assets of \$85 billion and 4.5 million customers.

Mutual ADIs provide a full range of retail banking services and products. Our members are licensed and regulated by the Australian Prudential Regulation Authority under the *Banking Act 1959*.

In 2008, cyber crime was estimated to have cost Australian businesses \$649 million. The research indicated only eight per cent of victims reported breaches to the authorities however the cost of e-protection for business was estimated to be up to \$1.95 billion.¹

In its *Targeting Scams Report 2011*, the Australian Competition and Consumer Commission (ACCC) noted it had received over 83,000 scam reports and enquiries in 2011, almost doubling that of 2010, and more than four times that of 2009.

While the report highlighted a shift in the preferred mode of scam delivery from online methods in 2010 to unsolicited telephone calls in 2011, ACCC continues to receive significant levels of complaints about online auction and shopping scams, banking and online financial scams and other cyber based fraud.

According to the Queensland Police Service, Australians are losing more than \$190,000 per day on internet dating scams alone. Average individual losses from online dating scams have been estimated as high as \$28,000.²

We believe seniors are being targeted by cyber criminals because of their:

- generous and caring nature;
- significant superannuation savings, or need to supplement modest incomes;
- increasing online participation; and
- increasing use of social networking and dating web sites.
- lower understanding of personal security as new entrants to the online world

¹. Challice, G 2009, [The Australian Business Assessment of Computer User Security \(ABACUS\) Survey: methodology report](#). Australian Institute of Criminology Technical and Background Paper No. 32, 2009.

² Personal comms, Detective Superintendent Brian Hay

Based on our work with members, we consider the most significant cybercrime risks for seniors relate to opportunistic, investment and romance scams.

Opportunistic scams may include advance fee, lottery, prize or windfall inheritance scams, many of which are also commonly referred to as 'Nigerian' scams. Generally, these scams arise from unsolicited email correspondence promising an unexpected and significant cash payment, pending the payment of 'administrative' fees by the victim to an overseas bank account.

Seniors have become vulnerable to investment scams particularly since the Global Financial Crisis. The need to supplement reduced incomes, or repair investment portfolios, has made seniors targets for criminals here and overseas. These scams are characterised by high pressure sales tactics by criminals promising significant and guaranteed returns on modest investments. The victims of these scams are usually already in distressed financial circumstances.

Finally, many senior Australians seek to establish friendships and relationships through online social networking and dating web sites. Criminals use bogus profiles on popular web sites to befriend victims in order to get them to send money in the promise of love or relationship. Romance scams are a significant and growing concern, as illustrated by the figures provided above.

Abacus has a dedicated Fraud and Financial Crimes team that works with members and the enforcement community to respond to scams and to raise awareness of cybercrimes.

The mutual sector works cooperatively on a range of initiative such as:

- an Abacus-led fraud symposium that will be conducted this month to train members on fraud prevention, risks in 2012, emerging trends and dealing with financial crimes;
- presenting at the *2011 Seniors Fraud Protection Symposium* conducted by the Queensland Police Service, and ongoing support of other relevant forums like *Cybercrime Security Awareness Week*;
- reporting all types of fraud to the ACCC SCAMwatch website;
- promoting the Government's StaySmartOnline website as a source of information to enable people to protect their personal and financial information online; and
- engaging in targeted campaigns facilitated by our active partnerships with Government.

In addition, our members conduct various regional security seminars, in conjunction with local police services, to educate their customers about internet safeguards and the threats and risks posed by cybercrimes.

We would welcome a broad policy that extends and funds similar awareness initiatives to local councils and law enforcement agencies.

To discuss any aspect of this submission, please contact Jim Aliferis (jaliferis@abacus.org.au) on 02 8299 9033.

Yours sincerely

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