

Final investigation report

Summary	
Entity	Phone Card Selector Pty Ltd
Type of service	Carriage service provider
Relevant code	Industry code C661:2002 Reducing Scam Calls and Scam SMS
Findings	Breach of clause 5.2.2
Date	02 March 2023

Findings

The Australian Communications and Media Authority (the **ACMA**) has found that Phone Card Selector Pty Ltd (**Phone Card**) has contravened clause 5.2.2 of the Industry Code C661:2022 Reducing Scam Calls and Scam SMS (the **Code**).

Reasons

1. The ACMA's findings are informed by information and documents obtained from Phone Card on:
 - a. 13 December 2022, in response to a statutory notice given under section 521 of the *Telecommunications Act 1997*
 - b. 17 February 2023, in response to the ACMA's preliminary findings.

Relevant Background

2. The Code places obligations on all carriers and carriage service providers (**C/CSPs**) to implement measures to protect consumers from harms caused by scams and to disrupt scam activity in Australia.
3. Among other obligations, the code requires C/CSPs not to originate SMS traffic using Alphanumeric Sender IDs without taking steps to confirm that the A-Party has a valid use case for the Alphanumeric Sender ID (**Alpha IDs**).

Compliance with clause 5.2.2 – Improving Alpha ID Accuracy

1. Clause 5.2.2 of the code states:

If a SM uses an Alphanumeric Sender ID, Originating C/CSPs must only originate SMS on their Telecommunications Network using an Alphanumeric Sender ID where:

a) it does not present as a Number; and

b) the Originating C/CSP has been provided evidence by the A-Party confirming that the A-Party has a valid use case for the Alphanumeric Sender ID.

2. Clause 2.2 of the code states Alphanumeric Sender ID means a personalised identifier (for example, the name of a business or organisation) instead of a Number.

3. To determine Phone Card's compliance with this clause, the ACMA has addressed the questions set out in Table 1 below.

Table 1: Conditions for originating SMS using Alpha IDs

<p>Is Phone Card a CSP?</p>	<p>Yes.</p> <p>Phone Card is an SMS Aggregator and for commercial reward, has arranged for supply of listed carriage services, namely short message services (SMS), by another CSP, to its customers.</p> <p>As such, Phone Card is a CSP as defined in the Code as it is a CSP intermediary as defined at section 87(5) of the Act.</p> <p>Accordingly, Phone Card must comply with clause 5.2.2 of the Code.</p>
<p>Has Phone Card originated SMS on its telecommunications network using Alphanumeric Sender IDs where it does not present as a number?</p>	<p>Yes.</p> <p>Information obtained from Phone Card indicates that it allowed its customers to use Alpha IDs to send SMS on its telecommunications network during the period between 12 July 2022 and 17 February 2023.</p>
<p>Was Phone Card provided evidence by the A-Party confirming that the A-Party had a valid use case for the Alphanumeric Sender ID?</p>	<p>No.</p> <p>Information obtained from Phone Card indicates that it maintains a blacklist of Alpha IDs and all Alpha IDs are scanned before a message is sent.</p> <p>Phone Card states that from 10 December 2022, when an A-Party sets up an Alpha ID, or amends an existing ID, they must submit an application form which has to be approved before use. If the form is not approved, the Alpha ID cannot be used to send SMS.</p> <p>A screen shot of the online form Phone Card implemented on 10 December 2022 indicated that A-Party customers informed Phone Card the nature of the SMS for which they intend to use the Alpha ID.</p> <p>While this may be evidence of a legitimate business purpose to send an SMS, it does not constitute evidence of a legitimate reason to use a specific Alpha ID.</p> <p>In its response to the ACMA's preliminary findings, Phone Card advised that from 16 February 2023, users must apply for approval of an Alpha ID, and provide evidence that they have a valid reason to use the Alpha ID. Phone Card provided a screen shot as evidence of its new process.</p>

4. Accordingly, the ACMA is of the view that for the period 12 July 2022 to 17 February 2023, Phone Card did not comply with clause 5.2.2 of the Code.

Conclusion

5. The ACMA finds that Phone Card did not comply with clause 5.2.2 of the Code.