

9/07/2024

The Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100, Parliament House
Canberra ACT 2600

Via email to: corporations.joint@aph.gov.au

Dear Committee Secretary,

AustralianSuper submission to the Inquiry into the financial services regulatory framework in relation to financial abuse

AustralianSuper welcomes the opportunity to provide a written submission in relation to the Inquiry.

AustralianSuper is Australia's largest superannuation fund, with over 3.4 million members, and over \$335 billion in member assets under management.¹ Our purpose is to help members achieve their best financial position in retirement.

AustralianSuper is committed to keeping members' super safe from fraudulent activity which can include financial abuse. For superannuation, financial abuse typically stems from the theft of retirement moneys from a family member or relative. Consequently, as more members enter the retirement phase, there is greater opportunity for financial abuse, particularly against older members.

AustralianSuper recognises the need to be vigilant in this area. We have implemented rigorous systems to identify, manage, and respond to fraud incidents, particularly as they relate to fraud on member accounts. This includes processes designed to detect and prevent financial abuse.

The work to protect members from fraud and financial abuse is ever evolving as the threat landscape is always shifting. We undertake robust risk-based assessments to identify areas of vulnerability and prioritise our efforts accordingly, on an ongoing basis.

We respond to the specific questions below.

What specific policies, systems, processes or other safeguards does your business have in place to identify, respond to and report suspected financial abuse occurring to your customers?

AustralianSuper is committed to keeping members' super safe from fraudulent activity, which can include financial abuse. A key area where this can occur is in the area of withdrawal/transfer or rollover of a member's interest in the fund.

¹ As at 31 March 2024

Systems and protocols

AustralianSuper has rigorous systems to protect members from unauthorised withdrawals and transfers. These systems include:

- *Standard operational controls* to ensure that members are securely identified through Contact Centre channels (phone, email, webchat). Account transactions and changes can only occur after conducting security and identification checks. Contact Centre operators also receive training to identify and flag suspicious customers or accounts.
- *Member identification procedures* for all customers aimed at verifying certain information about members before providing designated services. We will verify relevant information collected from members using certified documentation and/or reliable and independent electronic data. We also ensure that members who cannot verify themselves electronically have alternative methods to do so. Depending on the transaction value, additional documentation is required to verify the identity of the member.
- *Fraud detection systems* which can analyse every member in the Fund daily or in real-time for key risk behaviour and/or transactions. Systems also monitor potentially suspicious activity using rules relating to account behaviours and/or transactions to detect suspicious or unusual activity. If identified, these transactions are flagged for further investigation or blocked to prevent fraudulent activity.
- *Member verification calls* with the underlying account holder for accounts flagged for further investigation. Two-way communication between the member and the Fund also assists with potentially identifying and preventing economic abuse (such as financial coercion, elder abuse, domestic abuse).
- *Multi-factor authentication* to provide an added layer of security and ensure that transaction requests are being made by the member. We encourage members to use our Mobile App as it provides additional security features and allows members to access their super account securely and conveniently.
- *Real-time notifications* via SMS capability to provide transparency and early detection of unauthorised transactions.
- *Evolving controls and detection* methods that are developed using an aggregated risk scoring engine that can be modified or manipulated to effectively manage ever-evolving fraud risks. Unique rulesets assist with flagging fraudulently created accounts prior to them being withdrawn or rolled out to another super fund.
- *Partnership with IDCARE*, Australia's national identity and cyber support community service. This partnership includes access to specialist case managers who speak directly with impacted individuals. They can design and implement a tailored individual risk assessment and response plan in relation to a scam, ID theft or cybercrime event.
- *Member education* which is aimed at proactively and continuously educating members about the risks of fraudulent withdrawals and transfers, as well as the steps they can take to protect themselves.

This includes providing information on secure online practices, the importance of keeping login credentials confidential, and how to recognise and report suspicious emails or phishing attempts.

Assisting vulnerable members

AustralianSuper recognises that all members can experience vulnerability, and that vulnerability may come from a range of factors, including physical health, language barriers, literacy, age or Aboriginal or Torres Strait Islander status. We have processes in place to identify vulnerable members and offer additional assistance where appropriate such as, interpreting services, allowing greater flexibility in providing documents and verification of ID.

We have an Aboriginal and Torres Strait Islander specialist service in our contact centre. Culturally trained colleagues provide a more knowledgeable experience for these members and can help identify where further assistance is needed.

In the area of insurance claims, assessors and claims managers have cultural awareness and emotional intelligence training to help identify and support people at risk. Where a member identifies to us that they fall into a vulnerable consumer category – which includes experiencing domestic and family violence – we can offer additional support including suggesting external services where they can receive counselling and assistance.

What is the extent of suspected financial abuse identified by any such measures in place?

AustralianSuper estimates that during the 2023 calendar year, family related fraud incidents represented around 3 per cent of all identified fraud cases.

Most of these cases did not involve any financial loss but were cases where a family member may have been impersonating the member. Generally, the reasons are not malicious but to help someone who does not speak English fluently or understand superannuation.

What is the impact of the shift of financial products to online platforms on the prevalence of, and ability of your business to identify, respond to and report suspected financial abuse?

The increasing shift to digital for member transactions presents both opportunities to proactively identify instances of financial abuse but it also presents challenges because not all members can access digital systems.

AustralianSuper is enhancing security protections for members by extending multi-factor authentication, enhancing behavioural analytics and improved monitoring tools. However, the challenges of the digital environment mean that it is harder to know that the user of the platform is the member. In the case of financial abuse, there is the added complexity that the member may be deceived into doing something that they are coerced to thinking will be a good thing for them, while in reality the outcome is often detrimental to their financial well-being. Or they may feel they are being coerced but are unwilling or unable to report it.

Preventing fraud entirely requires sound monitoring and detection controls to ensure that the digital channels are resilient to these threats together with providing continuous education and awareness to communities and groups of individuals who are often the targets of those who seek financial gain. AustralianSuper has increased

its scam warnings and educational videos on the public website to further its reach to educate members. We are also educating Aboriginal and Torres Strait members in remote and rural areas through our outreach programs.

We would be pleased to provide additional information or to discuss this submission in further detail. If that would be of assistance, please do not hesitate to contact Katherine Salih, (Acting) Head of Government Relations and Public Policy ([REDACTED]).

Yours sincerely



Paula Benson AM
Chief Officer, Strategy & Corporate Affairs