

The Role of Banks in Combating Financial Scams and Fraud in Australia

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Executive Summary

Financial scams remain a significant threat to Australians, evolving with increasingly sophisticated criminal tactics, including the use of artificial intelligence (AI). While recent figures show a decrease in overall reported losses, the financial and emotional impact on victims is substantial, with billions lost annually. This case study examines the proactive role of Australian banks—CBA, NAB, ANZ, and Westpac—in protecting customers. It explores their strategies, technological innovations, and collaborations with bodies like the ACCC and the National Anti-Scam Centre (NASC), all shaped by developments such as the Australian Banking Association's (ABA) Scam-Safe Accord and the Scams Prevention Framework Act 2025.

Banks are transitioning from reactive responses to proactive "digital guardians," leveraging AI, real-time alerts, customer education, and empowered staff. Despite a 25.9% decrease in reported losses to \$2.03 billion in 2024, vigilance is crucial as scammer tactics adapt. Underlying data suggests complexities, with IDCARE noting increases in reports and average loss per client, indicating that sophisticated scams still inflict significant harm. Banks' considerable investments are driven by new regulatory obligations, the need to maintain customer trust, and mitigating financial liabilities. The true test lies in reducing losses, meeting new regulatory standards, and sustaining public confidence.

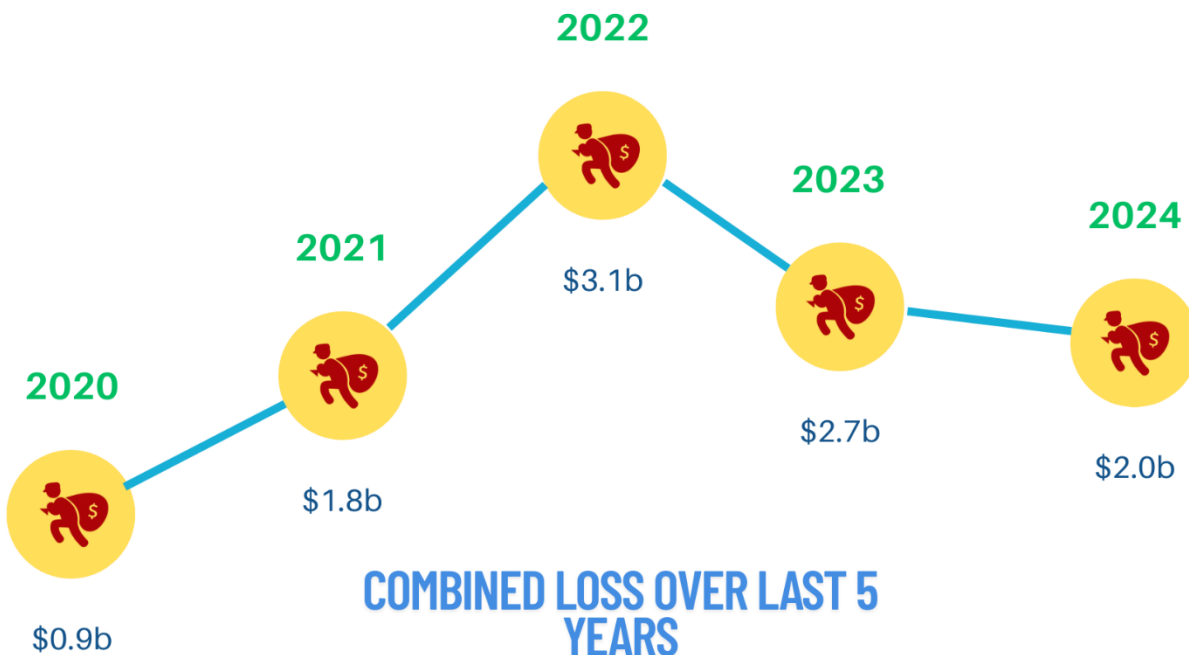


Figure 1: Combined loss in AUD to scams in the last 5 years (ACCC)

1. The Evolving Landscape of Scams in Australia

The threat of financial scams in Australia has seen significant shifts. While efforts by banks, government, and law enforcement have begun to reduce overall losses, scammers continually adapt their methods.

1.1 Scam Trends and Statistics

After a peak in 2022 with over \$3 billion in losses, 2024 saw reported losses decrease by 25.9% to \$2.03 billion, and reports fell by 17.8% to 494,732. However, the NASC noted an increase in loss reports in late 2024, and many incidents go unreported.

Table 1: Australian Scam Statistics Snapshot (2023-2024)

Metric	2023	2024	% Change
Total Combined Reported Losses (AUD)	\$2.7 billion	\$2.03 billion	▼ 25.9%
Total Combined Scam Reports	601,803	494,732	▼ 17.8%
Top 5 Scam Types by Loss (2024)			
- Investment Scams	\$1.3 billion	\$945 million	▼ 27.3%
- Romance Scams	\$201.1 million	\$156.8 million	▼ 22.0%
- Payment Redirection Scams	\$91.6 million	\$152.6 million	▲ 66.6%
- Remote Access Scams	\$256 million	\$106 million	▼ 58.6%
- Phishing Scams	\$137.4 million	\$84.5 million	▼ 38.5%

1.2 Why Banks Are Critical in the Fight

Banks are indispensable in combating scams because they are:

- **Last Line of Defence:** Often the final point to intercept fraudulent payments.
- **Custodians of Customer Trust:** Perceived security is vital for customer loyalty.
- **Holders of Rich Transactional Data:** AI analysis of this data can identify anomalies.
- **Subject to Regulatory and Community Expectations:** Growing pressure for proactive protection, underscored by the Scams Prevention Framework Act 2025.

2. Proactive Scam Prevention Strategies by Australian Banks

Australian banks have intensified prevention efforts through technology, customer education, staff empowerment, and collaboration.

2.1 Technological Defences: Real-time Alerts and AI-Powered Blocking

Technology is key, with real-time SMS warnings, temporary payment holds, and AI analyzing customer behaviour and transaction patterns to detect fraud. Banks are also introducing deliberate payment delays for high-risk transactions.

Key bank initiatives include:

- **CBA:** AI monitors ~20 million daily transactions, issues rapid alerts, and uses **NameCheck** (verifying payee details, saving \$11M+ in 3 months) and **CallerCheck**.
- **NAB:** Uses AI for fraud interception, supports industry-wide confirmation of payee, removes links from unexpected texts, and enhances payment alerts, preventing/recovering over \$200M (2022-2024).
- **ANZ:** Employs AI for fraud detection, rolling out **Digital Padlock** for instant account lockdown, **CallSafe** (caller verification, used 20,000+ times), **Crypto Protect**, and participates in BioCatch intelligence sharing.
- **Westpac:** Invested over \$100M, preventing \$400M in losses (\$237M in FY24). Introducing **SafeBlock** for instant account blocking, alongside **SafeCall**, **SaferPay**, **Verify**, dynamic CVCs, and crypto exchange blocks.

This evolution signifies a shift towards proactive, predictive analytics and direct customer control tools.

2.2 Stronger Together: Helping Customers and Staff Outsmart Scams

Customer Education Campaigns: Banks offer dedicated online "scam hubs" (e.g., CBA's CommBank Safe, NAB's Personal Security Hub, ANZ's Security Hub, Westpac's Security

Hub) with resources, tips, and reporting guidance. They also use in-app notifications and partner on public awareness campaigns like NASC's "Stop. Check. Protect."

Empowering Frontline Staff: Banks invest in training staff to detect scam red flags. This includes mandatory training (CBA), specialized roles (NAB's Fraud Assist Analyst), dedicated support teams (ANZ's First Responders), and expanded fraud operations teams (Westpac). Effective empowerment requires a supportive culture for staff to act on suspicions.

2.3 Collaborative Power: Industry and Government Initiatives

Australian Banking Association (ABA) Scam-Safe Accord: Announced November 2023, this industry-led initiative includes six key pillars:

- 1) Industry-Wide Confirmation of Payee (CoP) (2024-2025 rollout)
- 2) Biometric checks for new online accounts (by end of 2024)
- 3) Enhanced warnings and payment delays
- 4) Expanded intelligence sharing (AFCX/FRX)
- 5) Limiting payments to high-risk channels
- 6) Implementation of an anti-scam strategy by each bank.

National Anti-Scam Centre (NASC) & ACCC Collaboration: Established July 2023, NASC coordinates national efforts, using Fusion Cells that bring together government, law enforcement, and industry to tackle specific scams, leading to takedowns and intelligence sharing.

Scams Prevention Framework Act 2025: Passed February 2025, this legislation imposes mandatory obligations on banks, telcos, and digital platforms to prevent, detect, disrupt, respond to, and report scams, with ACCC oversight and penalties up to \$50 million per offense. It also provides consumer redress pathways. This Act codifies and strengthens many principles from the Scam-Safe Accord.

Table 2: Key Anti-Scam Initiatives of Major Australian Banks (as of May 2025) -

Bank	Signature Technological Defences	Key Customer Education Resources
CBA	NameCheck, CallerCheck, AI monitoring	CommBank Safe hub
NAB	AI fraud detection, CoP commitment, link removal	Personal Security Hub
ANZ	Digital Padlock (mid-2025), CallSafe, Crypto Protect	Security Hub
Westpac	SafeBlock, SafeCall, SaferPay, Verify, Dynamic CVC	Security Hub, Scam Prevention Webinar

3. Case Snapshot: A Bank Preventing Losses in Real Time

In April 2025, an ANZ fraud investigator, Khaled, identified a suspicious pattern: multiple government payments intended for female assault victims were being credited to accounts held by a single male. The mismatched payment descriptions (female names) versus the male account holder triggered an alert.

Khaled notified ANZ's Inbound Fraud team, who quickly locked the recipient accounts. Further payments from the same government department confirmed an active fraud operation. Despite initial challenges in contacting the correct government officials, persistence led to successful communication and referral to the police. The police investigation, aided by ANZ's intelligence, uncovered a broader scam network operating across multiple banks, leading to two arrests.

Key success factors included: proactive data analysis by a skilled investigator, effective internal teamwork at ANZ for rapid account securing, and persistent cross-sector collaboration with government and law enforcement. This case highlights the importance of skilled human analysts complementing AI and the need for streamlined communication channels between institutions.

4. The Path Forward: Outlook for Scam Prevention in Australian Banking

Australian banks are evolving into proactive digital guardians, driven by technology, customer expectations, competition, and stringent regulation.

Key future trends include:

- **Accelerated AI Advancements:** More sophisticated AI for predictive analytics and behavioural biometrics.
- **Deepened Collaboration:** Enhanced intelligence sharing via AFCX/FRX and expanded public-private partnerships, mandated by the new Act.
- **Universal Confirmation of Payee (CoP):** Industry-wide rollout by 2025 to reduce APP fraud.
- **Sophisticated Customer-Facing Fraud Tools:** More tools like ANZ's Digital Padlock and Westpac's SafeBlock offering direct customer control.
- **Pervasive Impact of the Scams Prevention Framework Act 2025:** This Act will drive bank strategies, mandating robust standards, imposing significant penalties for non-compliance (up to \$50M), and enabling consumer redress.

The goal is a safer banking experience, crucial for trust and loyalty. Balancing robust security with customer convenience remains a challenge. Continuous customer education is vital. The increasing use of AI and data sharing necessitates strong governance and privacy adherence to maintain public trust. The fight against scams is an ongoing commitment to agile adaptation and investment.

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