Combatting SMS Fraud

Why and How Our Fighting Style HAS to Change!

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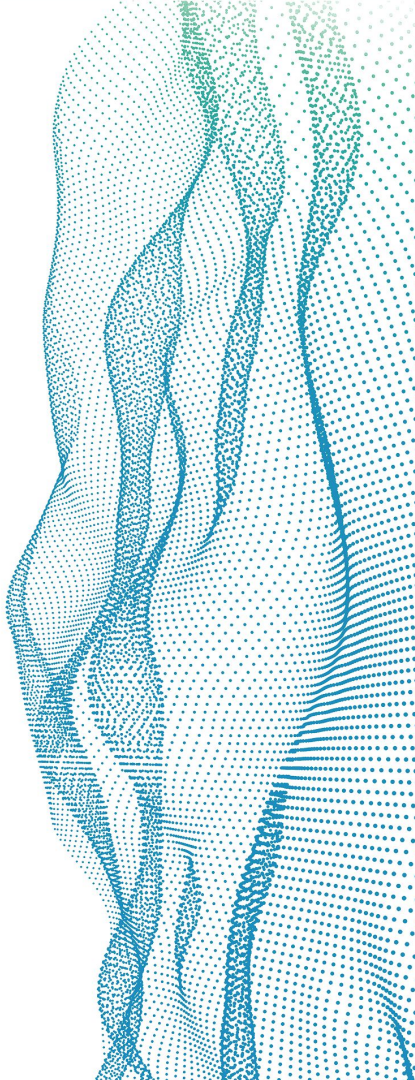
MEF
MOBILE ECOSYSTEM FORUM

There is More & More Fraud in SMS These Days

Major factors for fraud outbreaks in SMS:

1. **More players on the market** (including fraudsters), so it's harder to control the use of white routes;
2. **A2P SMS market is naturally growing**, and so are international A2P SMS rates. Revenues are growing, making it profitable to commit fraud;
3. **Voice fraud is easier to monitor & control**, which is why fraudsters are looking into SMS with similar fraud scenarios.



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Main Objectives of SMS Fraud

IDENTITY THEFT

– obtaining information required to steal someone's identity

COMMERCIAL EXPLOITATION

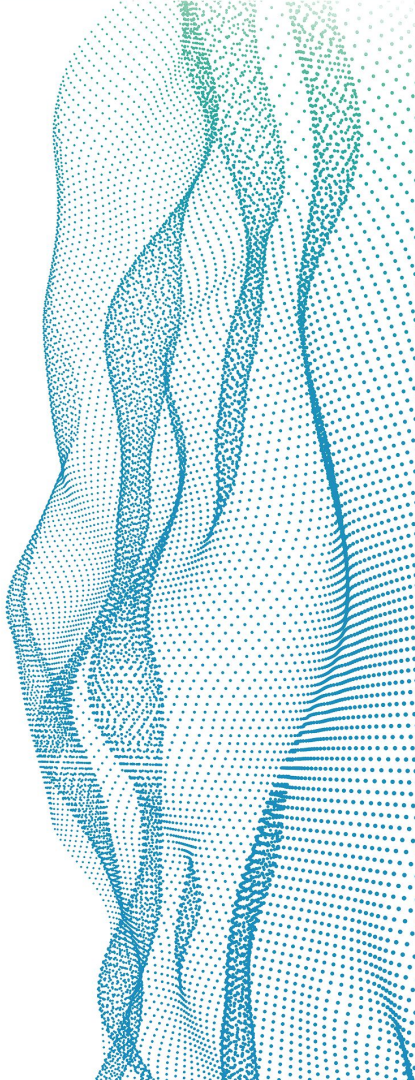
– to gain competitive advantage by exploiting gaps within the commercial structures of the ecosystem

DATA THEFT

– obtaining information required to access personal and private banking or other financial accounts

NETWORK / SYSTEM MANIPULATION

– to gain competitive advantage or perform illegal activities via the deliberate manipulation of a message or the exploitation of system vulnerabilities to bypass protection measures intended to safeguard MNOs and consumers



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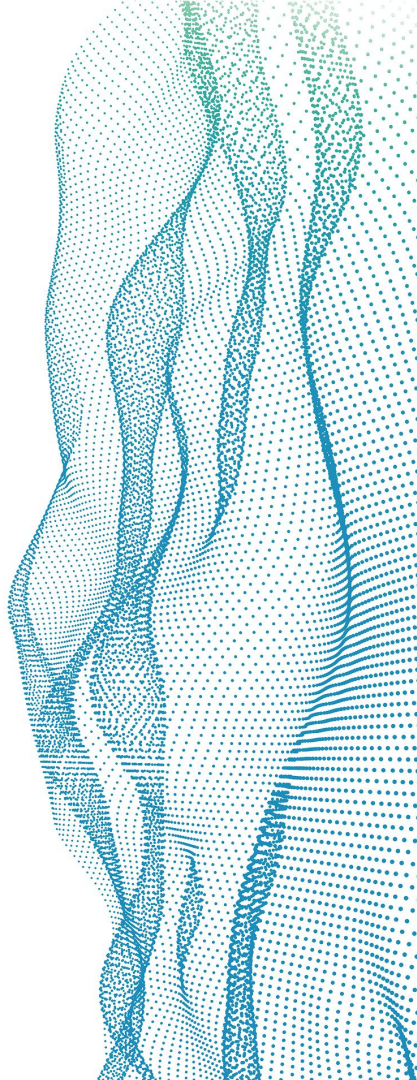
Impacts of SMS Fraud

1. Financial Impact
2. Reputational Damage
3. Poor or Unreliable Quality of Service
4. Loss of Trust in Business SMS
5. Customer Dissatisfaction
6. Unfair Market Environment
7. Regulatory Intervention
8. Breach of Data Protection Legislation



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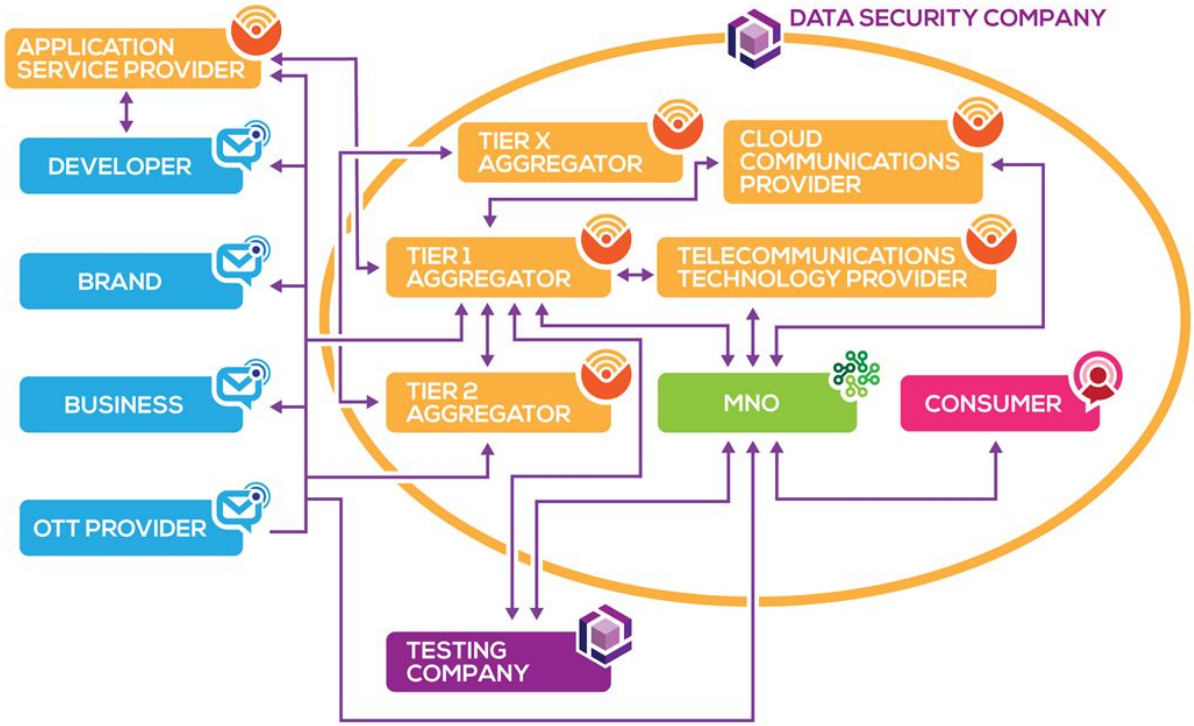
Business SMS Ecosystem Map



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14 Main SMS Fraud Types

IDENTITY THEFT

- SMS Originator Spoofing
- SMS Phishing
- Access Hacking

COMMERCIAL EXPLOITATION

- Grey Routes, Bypass, Non-Interworked Off-Net Routes

DATA THEFT

- SIM Swap Fraud
- SMS Roaming Intercept Fraud
- Spam Malware (SMS Hacking)

NETWORK / SYSTEM MANIPULATION

- Message Trashing
- SIM Farms
- Spam
- Artificial Inflation of Traffic (AIT)
- MAP Global Title Faking
- SCCP Global Title Faking
- SMSC Compromise Fraud

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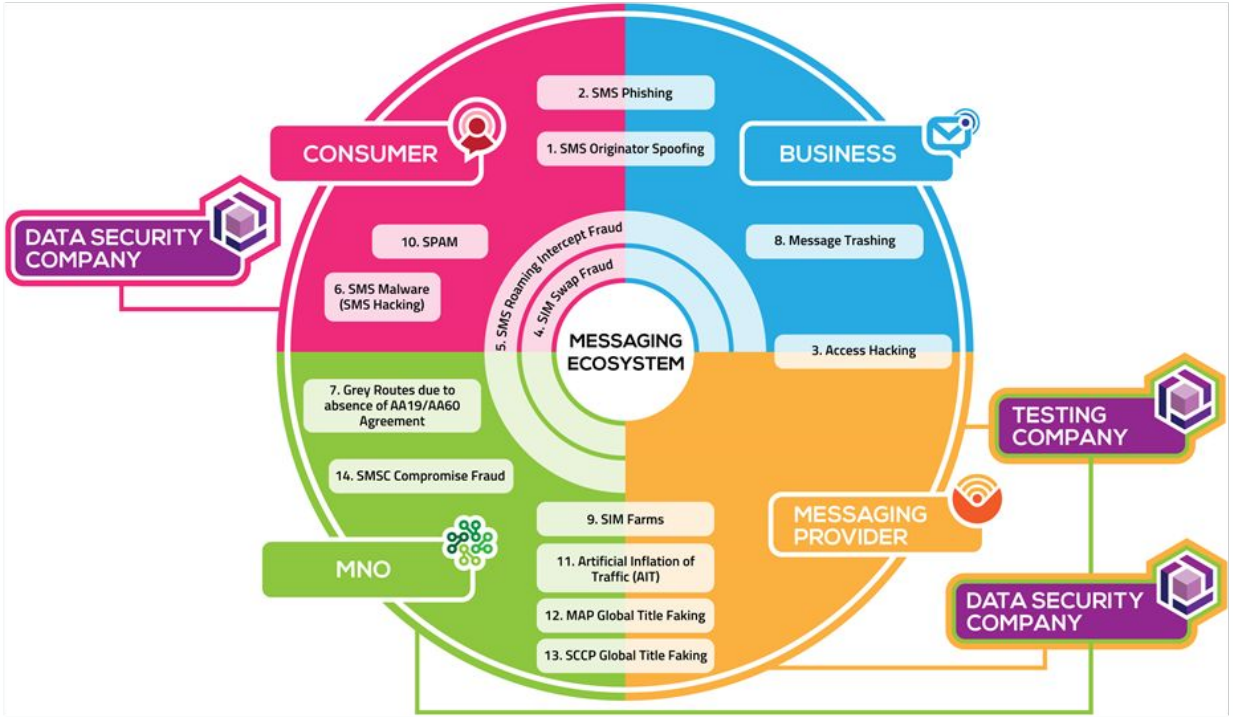
SMS Fraud Mapping



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MEF Mobile Operators & A2P SMS report 2021
(by MobileSquared)

66 participating operators from Europe, MENA, LATAM and Asia

Fraud types posing the greatest risk for MNOs:

- Grey Routes, Bypass, Non-Interworked Off-Net Routes
- SIM Farms
- SIM Swap Fraud

Main factors for investing in anti-fraud measures:

- Proactive fraud prevention
- The promise of revenues from A2P SMS
- Guaranteed A2P SMS revenues

Most helpful fraud detection features:

- Filtering
- Data analytics
- Data monitoring

Best anti-fraud industry initiatives:

- Sender ID registry
- More regulation
- Various codes of conduct

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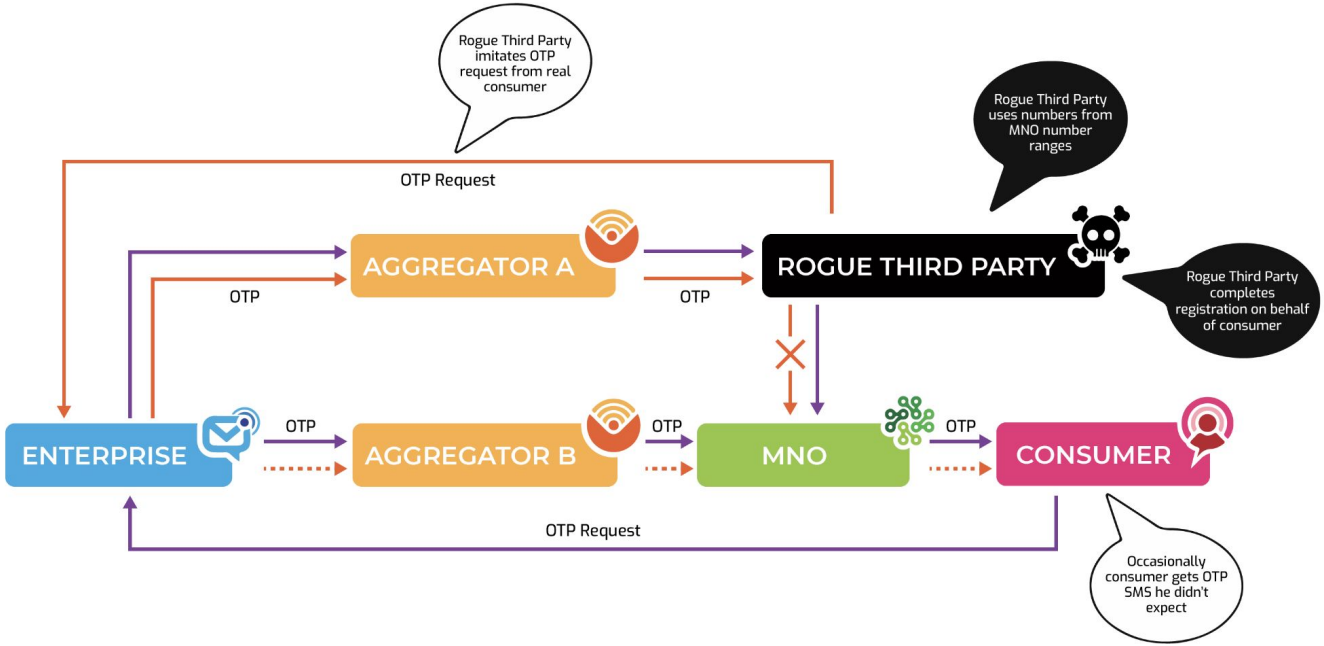
Big Threat: Artificial SMS Generation



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Artificial SMS Generation: Key Features & Challenges

SMS content is one-time password – not spam thus not fraud according to MNO terminology

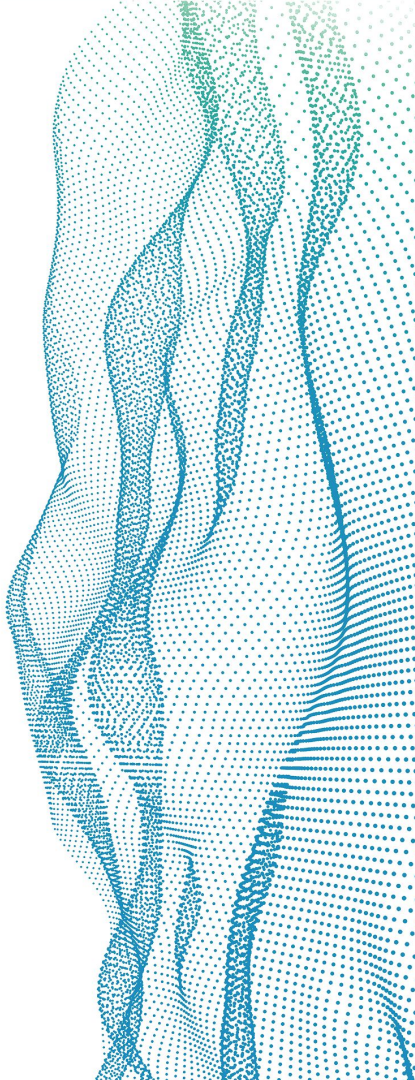
Enterprises are paying for fake consumers & aggregators are at risk of losing money, MNOs don't bear losses

SMS reach consumers only occasionally – when they follow white route & B-numbers are real

MNO Firewalls are not able to detect this type of fraud

Main objective is not SIM swap or data theft but monetisation of traffic from enterprises

Artificial traffic generation is not regulated by common SMS Interworking or Hub agreements



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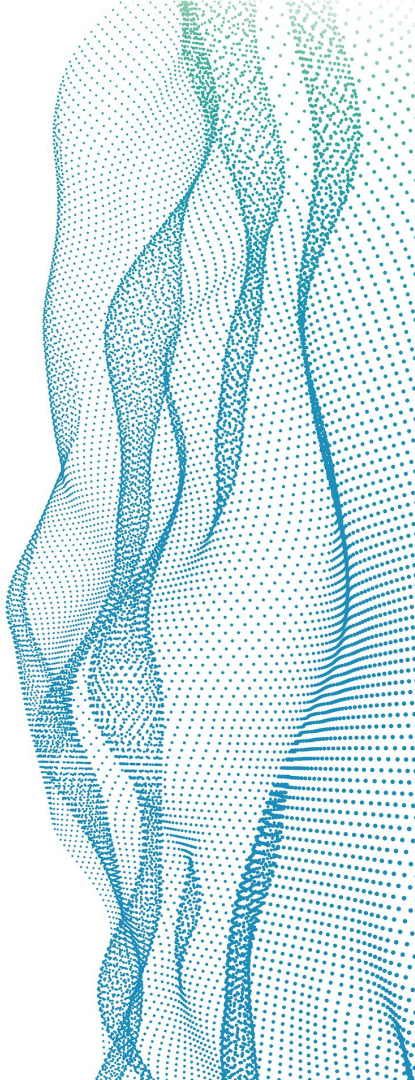
Combatting Artificial SMS Generation: What Needs to be Done

- Raise **awareness** of Artificial SMS traffic generation
- Introduce **anti-fraud measures** against this type of fraud
- Work on **common legal practice** in settling such traffic
- Include in **MEF Business SMS Fraud Framework**
- Significantly **increase number of SMS Code of Conduct signatories**, encourage big enterprises to join it



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Meet us at MWC Barcelona

Stand SC58, Digital Planet in between Hall 4 & 5

Meeting room 1B10MR, WAS #15 area, Hall 1

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