FORENSIC SERVICES

AUSTRALIAN SCAM CULTURE REPORT

IDEAS | PEOPLE | TRUST

BDO

INTRODUCTION

Scam activity continues to rise sharply almost daily, with new and highly intelligent ways of targeting people being created each week. Understanding the current scam landscape and how scammers work will help organisations and individuals identify red flags before being taken advantage of.

Our inaugural report covers trends and data from quarter four of the 2022-23 financial year and has been prepared by BDO's Forensic team.

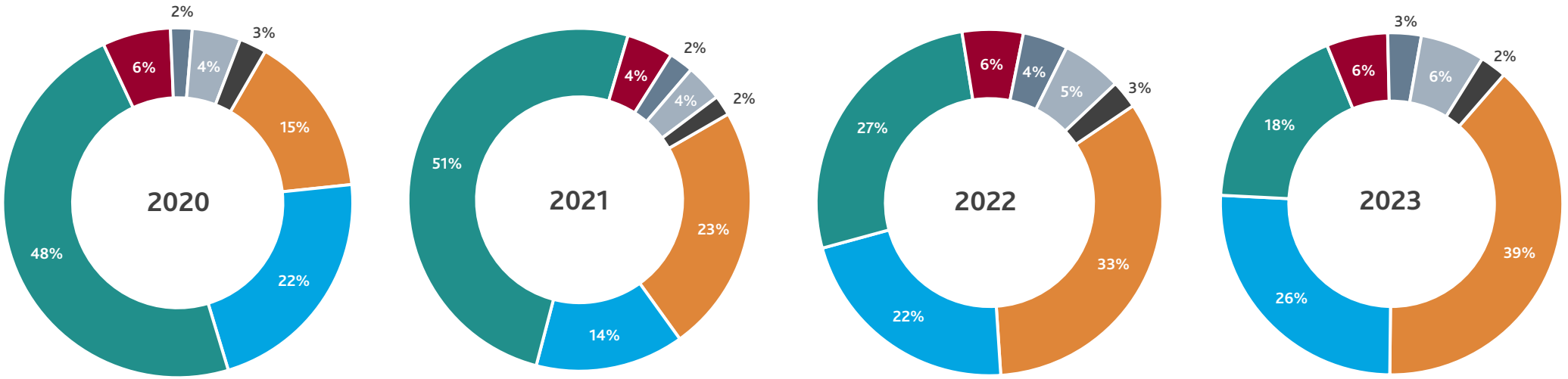
> *"This is a golden era for scammers — people are using their phones to do their day-to-day admin, business systems are connected to people's personal devices, and AI is ramping up and giving scammers an opportunity to automate and tailor their approach, meaning they will reach more people with greater ease.*

MICHAEL CASSIDY
BDO NATIONAL FORENSIC SERVICES LEADER

THE RESULTS

SCAM DELIVERY METHOD (FOUR-YEAR COMPARISON)

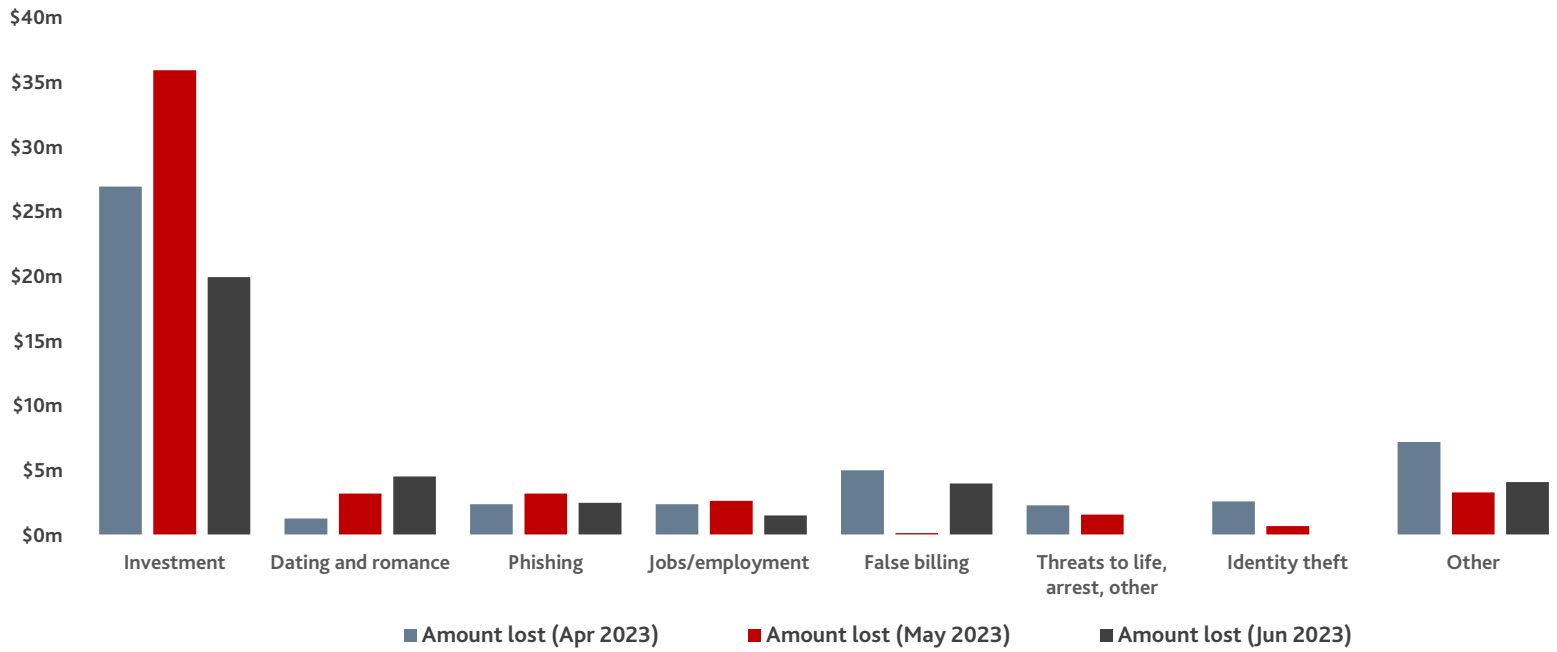
Text messaging overtakes phone calls as the top scam delivery method, likely due to society's reluctance to answer phone calls from unknown numbers. A healthy portion will also be due to the increased use of screening apps (e.g. Truecaller) that assist in identifying scam calls.



AUD$ LOST BY SCAM TYPE

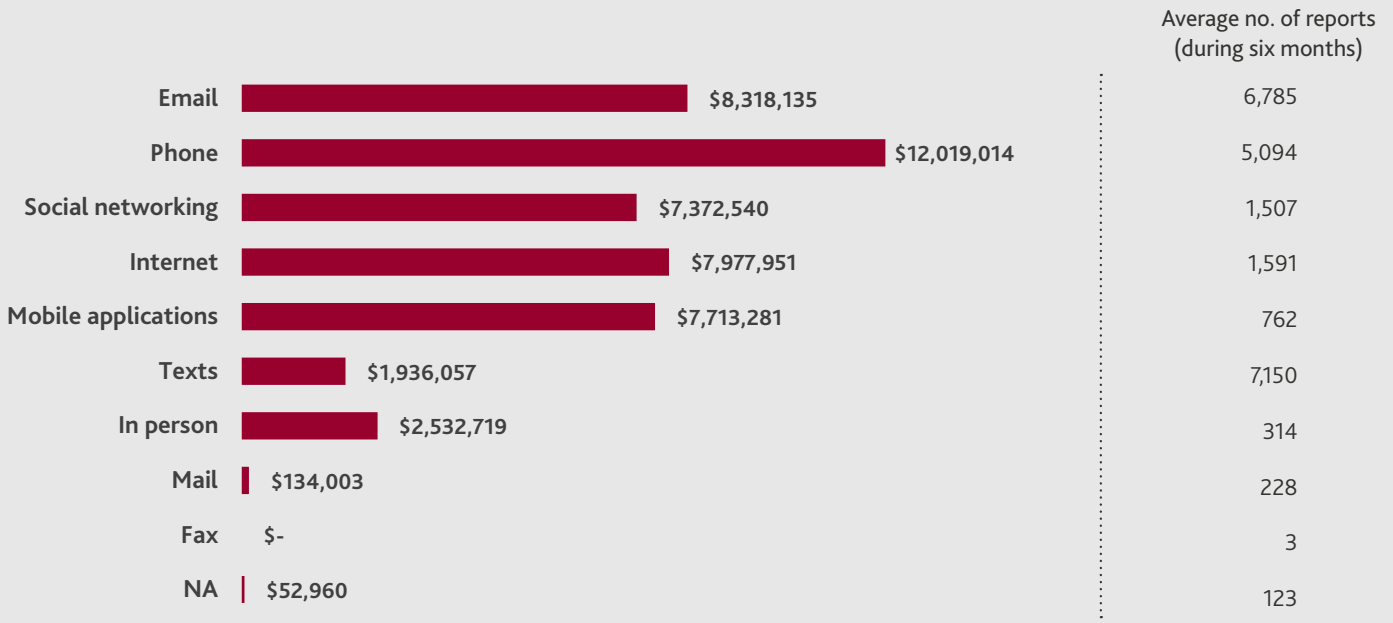
The spike in investment scams is possibly linked to the current difficult economic conditions, targeting unwary people looking to make extra money.

Other popular scams of the moment include: remote access scams (where scammers trick you into accessing their device remotely), classified scams (fake classified ads), rebate scams (such as fake government services offering a rebate) and health and medical products (fake cures for ailments).



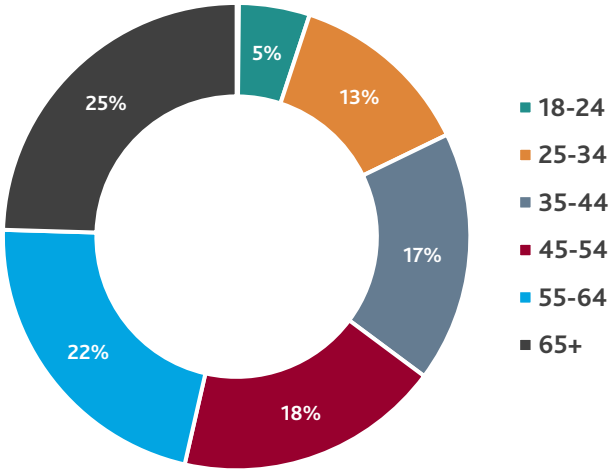
AUD$ LOST BY DELIVERY METHOD

Text messages, phone calls and emails make up 81% of reported activity, and 46% of the money lost to scammers in the quarter.



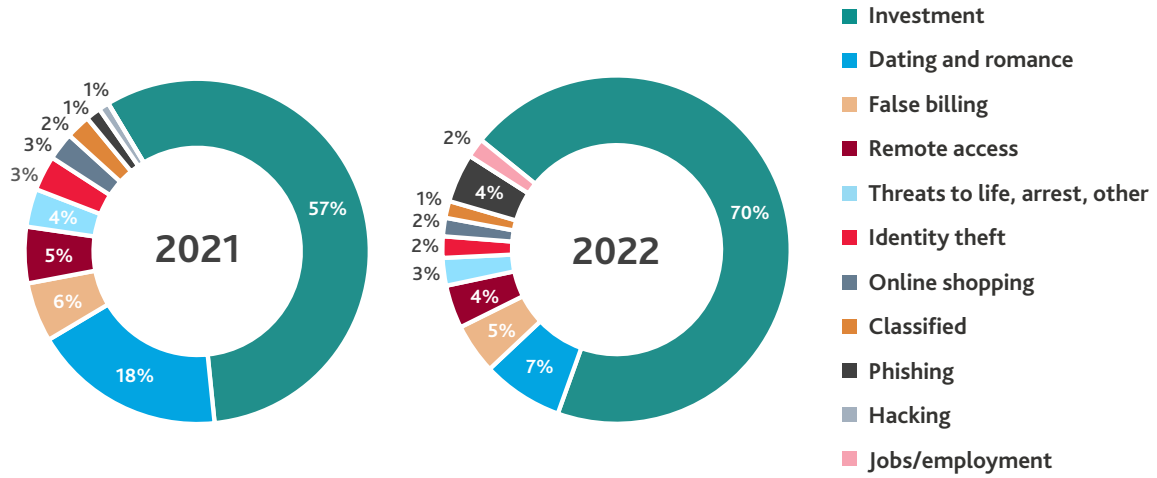
AGE GROUPS TARGETED IN SCAMS

47% of the people targeted in scams are over the age of 54.



EXPOSURE LEVEL OF DIFFERENT SCAM TYPES (TWO-YEAR COMPARISON)

Despite popular belief, romance and dating scams, and hacking and identity theft, only account for 9% of scam activity in Australia, with investment scams accounting for 70%.



A SNAPSHOT: DEALINGS ON THE DARK WEB

The Deep Web is estimated to be 500 times the size of the Common or Surface Web. The Dark Web, in turn, is a small part of the Deep Web but still has 2.7 million daily users — up from 2.5 million daily users in 2022.

Surprisingly, illegal trading or associated activity by criminals only makes up for approximately half of the Dark Web activity. Of that half it is estimated, 64% is forums, chat rooms and data hosts, followed by narcotics trading (8%), the sale of firearms (6%) and financing services (6%). The remaining 16% includes such things as stolen data, services for hire, malicious software and content from extremist groups.

The legal activity is comprised of an eclectic mix that includes 'traditional' business and media entities exploring the possibilities of the environment, and groups such as anti-vaccination, anti-government, conspiracy theorists and information disseminators looking for a place that is not easily accessible or searchable by traditional means.

DARK WEB ACTIVITY — JUNE QUARTER

Malware

An estimated 300,000 Malware (software designed to disrupt) applications are created daily.

Marketplaces

Approximately 6,000 marketplaces, including those selling financial and identity-related data, are available online. While some are taken down, new ones are constantly appearing in their place.

Usage

Dark Web usage is growing with an estimated 2.7 million active daily users in 2023.

Top traded

Over the last quarter, the top-traded items on the Dark Web include:

- Fraud and counterfeit products, including passports, credit ratings and credit cards, and Facebook accounts (approximately 10-15%)
- Corporate data (8%) including business assets such as user information and Intellectual Property.

GENERAL COST INDICATORS

Interestingly, the cost of hacked cryptocurrency accounts varies significantly. However, there has been an estimated average drop of 72% over the last 12 months.

- Kraken verified account $375, down from $1,220
- Coinbase $180, down from $920
- Blockchain.com $135, down from $465
- A contact list containing details of professional hackers (hire-a-hacker) approximately $18
- Australian credit card details, with a $1,000 to $10,000 balance available for $38
- Physical cloned credit cards (with balances) are being promoted

Identity Information

- COVID-19 vaccination certificates $119
- Passport details $2,255
- Drivers licence $526

Account hacking

- $119 Facebook, WhatsApp, Instagram, Telegram
- $149 WeChat, Discord
- $269 email
- Over 10,000 compromised ChatGPT accounts are allegedly available across marketplaces

Carding (Visa, MasterCard, American Express (AMEX))

- $3,000 balance $180
- $9,000 balance $435
- $15,000 balance $631
- $30,000 balance $1,082

Phone/data SIM copy services

Approximately 33% off to $399 (currently discounted from $599)

Distributed denial-of-service (DDoS) attack

- Open websites $89
- Dark Tor websites $160

Payment facilitation/ transfers (paid into PayPal/ Skrill accounts)

- $1,500-$150 PayPal, $180 Skrill (discount on current rates of 15%)
- $2,250-$190 PayPal, $230 Skrill (discount on current rates of 20%)
- $3,000-$240 PayPal, $290 Skrill (discount on current rates of 25%)

Rise in money transfer costs

- $115 for $1,200 (was $100 for $1500)
- $180 for $2,500 (was $127 for $2,250)
- Spring sale advertising 15-25% off money transfers (Western Union, PayPal, Skrill, MoneyGram) by one market

LATEST TRENDS

There is increased negotiation activity on the Dark Web, with traders and buyers communicating to negotiate their own terms. Like any marketplace, trust is crucial to make a transaction. But this is heightened on the Dark Web, because if a transaction doesn't go to plan, you cannot go to the police.

To address this, we are seeing sellers invite buyers to negotiate with them and reach a solution, rather than setting fixed prices with no room to move.

Malware
Increase in Malware development and sourcing (where the buyer seeks out users who are selling existing Malware, such as a Remote Access Tools, or commissioning the development of customised Malware to suit their requirements).

Dark Web
While Dark Web market sites remain anonymous by nature, there has been a gradual move towards user registration and user activity monitoring (this is not user verification). Random anonymous browsing of markets without registration is becoming more difficult.

Cryptocurrency
Bitcoin remains the currency of choice.

Phishing
Strong presence of phishing and cyber breach data sales.

Money washing
Money washing with alleged 'real money' returns.

Account hacking
Increase in account hacking, particularly of social media accounts. This is up by 32% in comparison to 2021.

Sources:

2023, all scam types stats for April, May, June — Scamwatch, Australian Competition and Consumer Commission, ©Commonwealth of Australia
2022, exposure levels of scams — Scamwatch, Australian Competition and Consumer Commission, ©Commonwealth of Australia
2021, exposure levels of scams — Scamwatch, Australian Competition and Consumer Commission, ©Commonwealth of Australia

ABOUT BDO

BDO's forensic experts work with organisations to effectively identify and respond to suspicious activity. The multidisciplinary team includes certified accountants, certified fraud examiners and forensic accountants, forensic technology professionals, licensed investigators, financial analysts, and former members of law enforcement.

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