

ACMA guidance note

Obtaining customer information and checking identity using real-time financial transactions under the Prepaid Determination

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Contents

Summary	1
Context	2
1. Obtaining customer information before activating a prepaid mobile carriage service	3
Obligations to obtain a customer's name	3
2. Verifying the identity of a service activator using the RTFT method	6

Summary

This guidance note outlines the ACMA's approach to assessing compliance with the obligations on carriage service providers (CSPs) to:

1. obtain customer information before activating a prepaid mobile carriage service
2. verify the identity of a service activator when using the Real-time Financial Transaction (RTFT) method.

This guidance note does not constitute or replace legal advice on obligations under the Telecommunications (Service Provider – Identity Checks for Prepaid Mobile Carriage Services) Determination 2017 (the Prepaid Determination).

Context

The Prepaid Determination sets out rules for the supply of prepaid mobile carriage services by CSPs. It requires CSPs to obtain certain information from customers and verify their identity, before activating a prepaid mobile carriage service.¹

Customer information obtained by CSPs under the Prepaid Determination is held in the Integrated Public Number Database (IPND). The IPND is a secure database of phone numbers and associated customer information. Emergency services and national security and law enforcement agencies can access this information, which is critical for responding to emergencies and conducting investigations.

A contravention of the Prepaid Determination is a breach of the service provider rule under subsection 101(1) of the *Telecommunications Act 1997*. Failure to correctly verify customer identities before activating a prepaid mobile service may also facilitate the use of these services for illegal activities and hamper the activities of agencies protecting citizens and national security.

We have observed instances of CSPs accepting information from customers that not only does not constitute a real name but also presents as being most unlikely to be a real name. Thus, we have observed names obtained and recorded by CSPs that appeared to be made-up or fictional names (for example, the name of a super-hero), or keyboard smash entries (a series of random letters and/or symbols). This is most common where a CSP uses a financial transaction method such as the RTFT method of identity verification.

We have also noted that some CSPs using the RTFT method for verifying the identity of customers who are service activators (Item 4 of Schedule 1 of the Prepaid Determination) are not obtaining information that identifies the service activator as the holder of an existing specified financial account.

To facilitate a common understanding of the obligations in the Prepaid Determination, the ACMA provides the following guidance to industry on the requirements for:

1. obtaining customer name information
2. verifying customer identity information using the RTFT method.

¹ Carriage service providers are required to comply with rules for obtaining certain information and verifying customers that are set out under Part 4 of the Prepaid Determination unless an exemption provided in Part 3 applies or subsection 4.2(2) applies.

1. Obtaining customer information before activating a prepaid mobile carriage service

The Prepaid Determination provides that a CSP must not activate a prepaid mobile carriage service unless it has done **both** of the following:

- > obtained information from the customer in accordance with section 4.3
- > verified the identity of the customer in accordance with either:
 - > section 4.4 – if the customer is a *purchaser*; or
 - > section 4.5 – if the customer is a *service activator*.

First, the CSP must obtain specific information relevant to the identity of the customer.

After obtaining that information, the CSP must take the additional step of verifying the identity of the customer using one of the specified verification methods. Each element of this 2-step process is important, especially to emergency services and other agencies that rely on the integrity of the information contained in the IPND.

Obligations to obtain a customer's name

Table 1 sets out the information a CSP must obtain from a customer.² The information varies depending on whether the customer is a purchaser³ or service activator⁴, and whether they are seeking to activate the prepaid mobile service on their own behalf or on behalf of an organisation.

² See Section 4.3 and Table 2 of the Prepaid Determination.

³ The purchaser is the person who pays for the service at the time of sale or the person who accepts an invitation from a CSP or an authorised party in relation to the CSP, to use a service at no charge.

⁴ The service activator is the individual seeking to have a prepaid mobile carriage service activated by the carriage service provider that supplies the service.

Table 1: Customer information requirements for activating a prepaid mobile carriage service

Scenario	Requirement if customer is a purchaser	Requirement if customer is a service activator
In all cases	The name of the purchaser	The name and date of birth of the service activator
If the customer is seeking to purchase or activate the service on their own behalf	<ul style="list-style-type: none"> > The residential address of the purchaser > The number of other activated prepaid mobile carriage services (if any) supplied to the purchaser 	The residential address of the service activator
If the customer is seeking to purchase or activate the service on behalf of an organisation	Name and business address of the organisation	Name and business address of the organisation

The focus of this Guidance Note is on the requirement that **in all cases** the CSP must obtain the name of a customer (either as purchaser or service activator).

This obligation requires a CSP to obtain information (of a specific character) that is capable of being a name. It is not sufficient for the CSP to obtain any text provided by the customer, which is not by its character capable of being a name, such as a patently fictitious name or nonsensical text.

Examples of text that is unlikely to be a real name, include:

- > obscene or offensive wording
- > random or meaningless letters or symbols (such as a keyboard smash)
- > superfluous punctuation or characters and numbers.

Moreover, while it is possible that a person has a name describing a fictional character, it remains unlikely.

Significantly, in this first step of the process when obtaining the customer's name, the CSP is not required to verify that the name given is that of the customer – specific steps aimed at verifying identity come in the next step.

That said, in this first step it is not sufficient for the CSP to merely receive any information given by the purchaser or service activator as a name – and input that information into the IPND. On the contrary, the CSP is required to, at the least, obtain information that is capable of being a name. This requirement is intended to aid identity verification and inhibit the use of anonymous prepaid mobile services.

Accordingly, to meet their obligations under the Prepaid Determination, CSPs should have systems and processes that enable them, before a prepaid mobile service is activated, to identify and prevent the acceptance of information provided by customers that is not capable of being a name.

The ACMA considers that to comply with the Prepaid Determination, CSPs should have systems and processes that incorporate the following features:

- > in the pre-activation stage:
 - > an ability to detect random text, numbers, symbols and punctuation in customer name information
 - > blacklists to detect obscene language and fictional character names
- > in the post-activation stage:
 - > ongoing review of activations to confirm that the systems and processes are working effectively.

In some (although likely rare) circumstances, these pre-activation systems may reject unusual names given to the CSP. However, that does not undermine the necessity to apply the pre-activation check, which will allow the CSP to clarify the situation with the customer. Again, it is not sufficient to merely input such unusual information into the IPND without the required check.

2. Verifying the identity of a service activator using the RTFT method

The Prepaid Determination also requires that a CSP must not activate a service unless it has verified the identity of the customer. Section 4.5 of the Prepaid Determination requires a CSP to verify the identity of a service activator using any of the verification methods set out in column B of Schedule 1.

The RTFT method under item 4 of Schedule 1 specifies that:

... a CSP may verify the identity of a service activator by making a real-time financial transaction in relation to an existing specified financial account held by the service activator.

'Specified financial account' is defined in Section 1.5 of the Prepaid Determination as being either of the following:

- a) an account with an authorised deposit-taking institution (ADI)⁵
- b) a credit account made available to a person by a licensed credit provider in accordance with a credit card contract between the person and the provider.

A specified financial account does not include monetary value that is accessible through a stored value card (for example, a gift card).⁶

The steps that a CSP must follow to successfully verify the identity of a service activator using the RTFT method (as set out in subitem 4(2) of Schedule 1 of the Prepaid Determination and taking account of the definition of specified financial account) are:

- > being satisfied that information given by the service activator identifies them as the holder of a specified financial account
- > in relation to the specified financial account, determining whether it is an account with an ADI or a credit account made available by a licensed credit provider in accordance with a credit card contract, but is not a prepaid or virtual card such as a gift card
- > using the details provided by the service activator to make a financial transaction to the specified financial account to determine if the account is active, without financially disadvantaging the service activator.

The CSP is taken to have verified the identity of the service activator after receiving a transaction code at the time of making the financial transaction confirming that the account is active and recording the method of identity verification as 'real-time financial transaction'.

Please contact prepaidmobiles@acma.gov.au if you have any questions about this guidance note.

⁵ ADI means an authorised deposit-taking institution within the meaning of subsection 5(1) of the *Banking Act 1959*.

⁶ 'Stored value card' is defined in the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* – see the note following the definition of specified financial account in Section 1.5.