

## 5. Categories – Leading Fraud Issues in Asia-Pacific, 2009

As stated, fraud methods can vary by region and technology. Typical examples of the main fraud methods affecting operators in Asia-Pacific are shown in the table later in this section. However, the main concern of regional operators at present is number hijacking and international audio-text traffic.

### Number Hijacking in Focus

#### Overview

Hijacked calls are calls that do not terminate in the Pacific Island country because someone, for fraudulent reasons, has filtered the calls away from the routing to the intended country. In the past, these numbers were often assigned to service providers by the local administrations themselves. Since 2005, however, there has been a highly successful initiative to end that arrangement, and numbers are now hijacked through the issue of remote commands to international gateways, or even via email requests for routing changes. This is possible because of the deregulation of global communications infrastructure and the growing market in international minutes. (Davies, 2008)

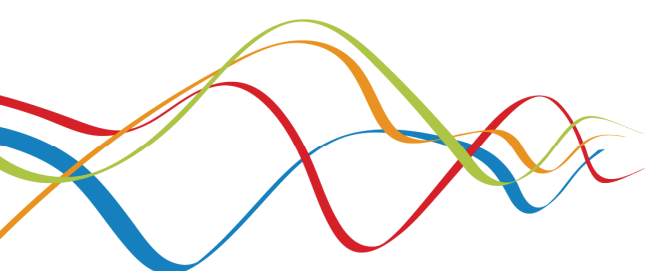
The perpetrators do this for financial gain, primarily through routing calls to premium rate porn sites, and they have no concern for impact on the country or regional economies. Some operators have, in the past, blocked the affected country codes as a prevention control:

- This affects roaming services and has a resultant impact on tourism, a key part of regional economic life.
- The resulting loss of inbound traffic settlement revenue can threaten an operator's profitability.

#### Impact of Number Hijacking

Noting that the Pacific Islands operators do not know the Number Hijacking is taking place:

- The hijacking of a country's country code can mean that people cannot ring that Pacific Island. This affects the well being of Pacific Island country affecting all areas of social activity and trade including the mainstay tourism.
- Gives the Pacific Islands a bad reputation when it is not their fault – they are the innocent party.
- The hijacking (and blocking) of calls has a severe effect on the fragile economy of a small Pacific Island country who, because of their isolation, are totally reliant on telecommunications for trade etc. (Most Pacific Islands rely heavily on the highly competitive tourist market).
- It reduces inbound traffic which directly affects the revenue of the operator.



FRAUD TYPE	DESCRIPTION	TYPICAL IMPACT
<b>Subscription Fraud</b>	<p>Subscription fraud is a method of access; the first part of a two-stage fraud in which it is stage two that generates fraudulent revenue.</p> <p>First, the fraudster obtains service using fake identity and other documents, with no intention to pay. Then, having got the service, they carry out a secondary fraud method, such as roaming fraud, to actually make money.</p> <p>Subscription fraud can affect all types of operator, including fixed and mobile.</p>	<p>Allows fraudsters access to services which can then be used fraudulently.</p>
<b>Roaming Fraud</b>	<p>Roaming fraud requires fraudsters to first obtain one of more subscriptions from a mobile service provider. This will typically be done via subscription fraud, to hide their identity.</p> <p>The normal practice is then to send the SIM cards obtained to an overseas destination. This will often be a destination that is known to have delays in the return of roaming call data to the home network.</p> <p>International roaming calls are then made from the visited network as part of a call selling operation. Revenue is earned by the fraudsters from this activity, but the resulting phone bills are never paid.</p>	<p>Organized cases can cost operators several hundred thousand dollars in only a few days.</p>

