

Written evidence submitted by Snap Inc.

Thank you for your letter of 5 November and the opportunity to respond to the Treasury Select Committee's inquiry into online advertising and economic crime.

Before turning to your questions and as a brief introduction, Snap Inc. is a camera and technology company that, as well as designing wearable video technology and augmented reality software, owns and operates the well-known visual messaging application, Snapchat. While Snap is still a significantly smaller company than the established tech giants that have dominated online media for the past decade, we are growing, with 306 million people globally now using Snapchat every day.

I should make clear that fraud of any kind - whether in user-generated content or in advertisements - are activities that are clearly prohibited on Snapchat as made clear in our [Advertising Policies](#) around deceptive practices and false information, as well as in our [Community Guidelines](#) and [Commercial Content Policy](#) and underpinned by our [Terms of Service](#).

The way that Snapchat is built, and our longstanding focus on safety and privacy by design, makes the app an intentionally prohibitive environment for such activity.

Unlike traditional, broadcast-style social media platforms, Snapchat does not offer an open newsfeed where unvetted publishers or individuals have an opportunity to broadcast illegal or harmful content, including fraudulent content. Public-facing areas of Snapchat - our Discover tab for news and entertainment, and our Spotlight tab for our community's most popular Snaps - are curated and pre-moderated environments. This means that all of the content there is provided either by media partners like The Telegraph, the Guardian or Sky Sports, who agree to abide by our Content Guidelines, or is user-generated content that is pre-moderated by our team prior to being surfaced to large groups of people. Because of these guardrails, we are able to minimise the chances that harmful and illegal activity is surfaced in these areas of our platform.

We have also intentionally made it difficult for strangers to identify, much less contact, people that they don't know on Snapchat. Snapchatters' friends lists are only visible to themselves, and by default you cannot receive a message from someone who you haven't added as a friend.

Furthermore, we have strong safeguards and systems in place (please see our detailed response to question 4 below for more information) that prevent advertisers attempting to market fraudulent or unauthorised content in Snapchat ads: both in terms of proactive automated tech and tools, as well as having an effective Trust & Safety team, who are trained on how to spot fraud trends, and who share information on fraud across the team on a daily basis.

All of these design features ensure that Snapchat is not an easy place for bad actors to market scams or carry out fraudulent activity to users on Snapchat.

Turning to your specific questions:

- 1. Expenditure by the Financial Conduct Authority (FCA) and other public bodies on your platform to protect consumers**

- *How much has the Financial Conduct Authority (FCA) paid Snap in each of the last three years (2019, 2020 and 2021) to warn users of your online channels about unauthorised advertisements and user-generated content?*
- *What arrangements, if any, has Snap entered into to compensate the FCA for the costs of that advertising?*
- *Have any other public sector bodies paid Snap for advertisements alerting users to risks from online financial fraud? If so, how much has each of those bodies paid?*

We have invested significantly in measures to prevent fraud taking place on Snapchat as detailed above and in response to question 4. We can confirm that the FCA does not, nor does any other public sector body, have an advertiser account or spend with Snapchat. However, as part of our efforts to prevent fraudulent activity on Snapchat, we have pledged ad credits to support industry scam awareness campaigns, such as the Advertising Standards Authority's (ASA) Scam Ads Alert system.

2. Data transfer to identify and prevent fraud and other economic crime

- *What data do you transfer between your platform, other platforms and law enforcement agencies to help identify fraud and other economic crime?*
- *What legal or other barriers exist to hinder data transfer which could help to identify and prevent fraud and other economic crime?*

Snap's global Trust & Safety team shares information related to fraud and communicates on a daily basis, which enables them to highlight specific fraud trends to support their identification work.

We also work closely with UK law enforcement to seek their expertise about the ways we can stay ahead of bad actors and act on any reports they refer on. In particular, we work with the Dedicated Card and Payment Crime Unit (DPCU) at the City of London Police, who have official "Trusted Flagger" status at Snap as the national lead police force for fraud. The amount of referrals we see from the DCPCU are relatively small, which speaks to the effectiveness of the safeguards set out above.

We also respond to valid law enforcement requests for information to support their investigations, subject to the requirements of applicable laws and privacy requirements, including the United States' Electronic Communications Privacy Act (ECPA).

3. Advertising policies for financial services

- *Does your advertising policy require firms advertising financial services on your platform to show that they are authorised by the FCA? If not, do you have plans to amend that policy, and from what date?*

All advertisers on Snapchat agree to comply with our [Terms of Service](#), [Community Guidelines](#), [Commercial Content Policy](#) and [Advertising Policies](#), which require all advertisers to ensure that their ads comply with all applicable laws, regulations and be authorised or licensed where required. Snap makes tools available to advertisers to help meet their obligations, and we moderate all ads against our policies, and reserve the right to remove or reject any ads that do not comply.

Snap also conducts due diligence checks for all advertisers on the platform.

As noted in our response to question 6, we continue to engage on this issue as part of the Online Fraud Steering Group (OFSG).

4. Policy on promotion of tax avoidance schemes

- *What policy do you have regarding the promotion of tax avoidance and evasion on your platform through advertising or as user-generated content?*
- *What controls do you have in place to prevent your platform hosting the advertisement of products used for the promotion of tax avoidance schemes and tax evasion in the UK?*

Snap's Terms of Service prohibit violation of any applicable law in connection with use of or access to Snap's Services, and our Community Guidelines prohibit use of Snapchat for any illegal activities. As stated above, we have clear policies around deceptive practices and false information, including on financial products and services, to prevent any fraud related activity on Snapchat - whether in user-generated content or in advertisements. This includes the prohibition of get-rich-quick offers, pyramid schemes or other deceptive or too-good-to-be-true financial offers.

The safety and privacy focused design features we have put in place ensure that Snapchat is an intentionally prohibitive environment for the marketing of scams or fraudulent content. In addition to these, we also take a number of other measures to prevent such activity, and respond to it if it does occur:

Ad moderation and fraud detection: All advertisements on Snapchat are run through an automated fraud detection model, and ads we detect as fraudulent are proactively and automatically rejected from the platform.

We also maintain a list of known fraudulent website domains; if any advertiser tries to use a domain on this list they are automatically rejected.

Reporting and flagging: We provide simple, easy-to-use in-app reporting so Snapchatters can quickly notify us of any safety issues, either in ads or in user-generated content. If a user reports a Snap, Story, or an individual Snapchatter, our global, 24/7 Trust & Safety team will review the report and take appropriate action, often within less than two hours of when a report comes in.

Snapchatters are also able to quickly report live ads, which triggers re-review by our Ad Review team, and a deeper dive into any fraudulent behaviour.

Snapchatters can also email us to report fraudulent organisations to Snap, for example if they purchased an item advertised in an ad which then never arrived. All of these emails are reviewed and the advertiser mentioned is investigated.

Abusive language detection: We operate a list of abusive terms, and use these to counter harmful activity and abuse.

ASA Scam Ad alerts: Snap participates in, and receives alerts from, the Advertising Standards Authority's (ASA) Scam Ad Alert system.

5. Revenue from unauthorised firms advertising of financial services

- *How much revenue has your platform earned in each of the last three years from paid-for advertising for financial services offered by firms which are not authorised by the FCA?*
- *What is your estimate of the cost to your company of changing your advertising policy so as to require firms advertising financial services on your platform to be authorised by the FCA, to bring you into line with the policy change made by Google on 6 September 2021?*

Snap is committed to be a force for good with our differentiated approach to business and ethics. Snapchat's inherent architecture coupled with robust advertising policies and measures, such as the moderation controls and due diligence checks noted above, continue to successfully mitigate the exploitation of the platform by bad actors and the marketing of fraudulent activity.

We recognise that threats continue to evolve in this space and we need to work collaboratively to understand what more we can do. Any new tech-sector wide measures must be proportionate to the size, type of service and risk profile of the company to avoid unnecessary burdens and costs for businesses, especially those which are smaller. To this end, we continue to engage on the FCA proposal to adopt section 21 of the Financial Services and Markets Act 2000 (FSMA) through the OFSG as well as other sector-wide solutions, such as the ASA's development of the Online Platforms Network Standards (OPNS).

6. Meetings with government departments about economic crime

- *What meetings have you held in 2019, 2020 or 2021 with Government departments, including the Home Office, Treasury, HMRC and DCMS about online fraud and financial crime?*

In November 2019, Snap attended a forum convened by Ofcom and the Financial Conduct Authority, focusing on the issue of fraud and scams facilitated online and bringing together stakeholders from financial, telecoms, e-commerce and social media sectors.

Snap attended a roundtable discussion chaired by Baroness Williams from the Home Office, and former Minister of State for Digital and Culture, Caroline Dinenage MP, on the subject of online fraud in April 2021; Ministers from HM Treasury and the Department for Work and Pensions were also present. This meeting was the precursor to the establishment of the Online Fraud Steering Group.

The OFSG, comprised of representatives from Government and law enforcement alongside a range of companies in the financial and tech sectors, was subsequently established and Snap has since joined both its OFSG and Online Fraud Delivery Group, attending regular meetings to ensure we can continue supporting the development of collective and effective solutions to online fraud with the government and banking and technology sectors, including some of the issues raised in this inquiry.

Snap also met the fraud team at the National Economic Crime Centre (NECC) to discuss our approach to tackling fraud and scams in May 2021.

7. Compensation of customers for financial fraud

- *What policy do you have for compensating users of your platform who become victims of fraud as a result of advertising or user-generated content on your platform?*
- *Have you ever compensated any customer for fraud or other financial loss? If so, how many customers have received compensation, and could you please give an indication of levels of compensation.*

Our utmost priority is ensuring the trust, safety and wellbeing of our users. As set out in this response, we have strong policies and processes in place, which prohibit unlawful ads and activity, and are designed to ensure such content is rejected or removed. However, Section 13 of our [Terms of Service](#) makes clear that we are not responsible for any relationships a user may enter into with third parties, which is usually where the transaction or fraudulent activity takes place. Therefore, we do not have a policy for compensating users who may become victims of fraud.

Conclusion

Thank you again for the opportunity to respond to the Committee's inquiry into online advertising and economic crime. We hope that this response has been helpful to the Committee as you develop your report in this important area.

Yours sincerely,

Sanjit Gill
Head of Public Policy, UK & Ireland
Snap Inc.

December 2021