# European Commission urged to tighten social media rules amid €4.3bn online scam crisis



The European Commission is facing mounting pressure to impose far more stringent regulations on social media platforms, aiming to tackle the escalating issue of online payment scams that have defrauded consumers of billions annually. Led by the Irish government, this push comes at a time when the US government under President Biden is advocating for fewer regulatory burdens on American tech giants. However, the apparent shift towards consumer protection rings hollow when so many consumers are left vulnerable to fraudulent activity.

In 2022 alone, online scams resulted in staggering losses of €4.3 billion across Europe, underscoring an urgent need for effective reform. The Irish government has suggested a right to automatic reimbursement for scam victims, positioning major payment providers like PayPal, Visa, and Mastercard as the entities responsible for refunds. But proposals to mandate that tech companies verify the legitimacy of financial advertisements are essential, ensuring only registered financial service providers can advertise. This is not just a precaution; it is imperative for protecting consumers from the relentless tide of fraud.

As Regina Doherty, a leading Irish lawmaker, poignantly stated, “We can’t leave glaringly obvious holes in legislation that are allowing criminals to defraud people of their life savings.” Dismissing such sentiments as merely bureaucratic delays fails to address a crucial demand for robust consumer protections amidst criminal exploitation and rising digital deception.

Yet, the initiative is facing hurdles. The European Commission has expressed concerns that requiring platforms to vet advertisers might infringe on the principles of the Digital Services Act, which paradoxically shields tech companies from having to monitor content. This reluctance to enforce stricter regulations only serves to perpetuate the vulnerability of consumers. Poland, currently holding the rotating EU presidency, has proposed a lukewarm approach focused on improving communication between payment platforms and social media—yet, many see this as an inadequate response to a persistent crisis.

The industry itself acknowledges the challenges posed by investment fraud, where fake ads can be created, disseminated, and removed in the blink of an eye, often before authorities can take action. The Bank of Ireland has reported that a shocking 75% of fraud losses among its customers came from investment scams, highlighting the sheer scale of the problem. “Once you report the fraud, the event has taken place,” cautioned Brian Hayes, CEO of the Banking and Payments Federation Ireland. The long-term impacts on victims are devastating, likely leading them to shun investments altogether.

In light of these challenges, tech companies are now scrambling to counteract fraud, with Google and Meta touting their advancements in using artificial intelligence to detect and eliminate fraudulent content. Google’s claim of removing 1.1 billion fake accounts in the first half of 2023 highlights a desperate effort to enhance security, but it begs the question: why was such action not taken sooner?

As we look towards the future, a united effort among EU member states will be crucial in effectively tackling these pressing issues. New regulations slated for early 2024 will require payment service providers to monitor cross-border payments more stringently, creating a database designed to track and deter fraud. However, merely shifting the responsibility to payment platforms without concurrently holding tech giants accountable will not suffice.

In summary, the proposed regulatory changes regarding online payment systems and advertising represent a vital inflection point for consumer protection in Europe. With growing support from member states, there is a pressing need to establish a robust framework that genuinely prioritises the safety and security of consumers in this rapidly evolving digital landscape—something the current structures inadequately address.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.ft.com/content/29dd8525-d837-4abd-abc6-761c3bd78638> - Please view link - unable to able to access data
2. <https://www.ft.com/content/29dd8525-d837-4abd-abc6-761c3bd78638> - The European Commission is under pressure from several member states, led by Ireland, to require major technology platforms to verify the legitimacy of financial advertisements to combat online payment scams. In 2022, these scams led to €4.3 billion in losses across Europe. Ireland proposes that only registered financial service providers be permitted to advertise, shifting the responsibility to platforms like Google and Meta to screen advertisers before allowing their ads. The measure faces resistance within the commission, which argues that it could conflict with the Digital Services Act, prohibiting broad content monitoring by tech firms. While significant support exists among EU nations, Poland remains skeptical and suggests improving communication between payment platforms and providers. Critics argue this approach is insufficient, as investment fraud often occurs rapidly and without effective preventative mechanisms. The Bank of Ireland emphasized that a majority of their fraud losses stem from investment scams and called for stricter preventive measures. Supporters of the proposal argue that voluntary regulation by platforms has proven inadequate, and stronger legislation is needed to protect consumers and restore confidence in financial markets.
3. <https://www.oireachtas.ie/ga/debates/debate/joint_committee_on_finance_public_expenditure_and_reform_and_taoiseach/2023-10-24/2/> - In October 2023, representatives from major tech companies, including Google and Meta, appeared before the Irish Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach. They discussed their efforts to combat online fraud, highlighting the use of artificial intelligence to detect and remove fraudulent accounts and advertisements. Google reported the removal of 1.1 billion fake accounts in the first half of 2023. Both companies emphasized their commitment to enhancing system security and preventing fraudulent activities on their platforms, acknowledging the challenges posed by sophisticated fraud schemes targeting consumers.
4. <https://commission.europa.eu/news/commission-gathers-key-european-enforcement-network-and-stakeholders-fight-online-consumer-fraud-2025-02-21_en> - In February 2025, the European Commission hosted an expert workshop to address emerging trends in online consumer fraud. The event brought together public enforcers from the Consumer Protection Cooperation (CPC) Network, national representatives from the European Consumer Centres (ECC) Network, members of Europol, and national law enforcement authorities. The workshop aimed to enhance cooperation between enforcement authorities by sharing best practices and expertise on tools available to detect and combat online consumer fraud, including those powered by AI. Participants also focused on mapping and monitoring emerging trends to ensure a dynamic and flexible response to fraud and scams.
5. <https://cyprus.representation.ec.europa.eu/news/new-rules-combat-fraud-cross-border-payments-eu-force-1-january-2024-01-01_en> - As of January 1, 2024, new rules have been implemented to combat fraud in cross-border payments within the EU. Payment service providers (PSPs) are now required to monitor payees of cross-border payments and, starting April 1, transmit information on those receiving more than 25 cross-border payments per quarter to the administrations of EU Member States. This information is centralized in a new European database developed by the European Commission, the Central Electronic System of Payment information (CESOP), where it is stored, aggregated, and cross-checked with other data. The data in CESOP is made available to Member States via Eurofisc, the EU's network of anti-VAT fraud specialists, facilitating the identification of online sellers who do not comply with VAT obligations, including businesses located outside the EU.
6. <https://www.irishtimes.com/business/2023/10/24/tech-giants-using-ai-to-remove-billions-of-fake-accounts/> - In October 2023, Google and Meta, the parent company of Facebook, reported to the Irish Oireachtas committee on Finance, Public Expenditure and Reform, and Taoiseach about their efforts to combat internet fraud. Both companies have invested heavily in artificial intelligence to detect and remove fraudulent accounts and advertisements. Google reported the removal of 1.1 billion fake accounts in the first half of 2023. These measures aim to prevent fraudulent advertisements from reaching consumers, addressing the growing concern of online scams facilitated through social media platforms.
7. <https://www.bankofireland.com/about-bank-of-ireland/press-releases/2024/ireland-needs-stronger-anti-fraud-policies-to-protect-consumers/> - In 2024, the Bank of Ireland outlined a four-point plan to better protect consumers and businesses from fraud. The plan includes restricting online advertising for financial products and services to regulated financial services providers, developing a shared fraud database, introducing an SMS scam filter, and implementing a coordinated national financial crime strategy. These actions aim to curb bogus online advertising, enable real-time tracking and tackling of fraudsters, and block spam texts, addressing the significant increase in investment fraud and scams affecting Irish consumers.