

PRESERVE THE PAYMENT APP RULE

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ABOUT THE RULE

Finalized on November 21, 2024

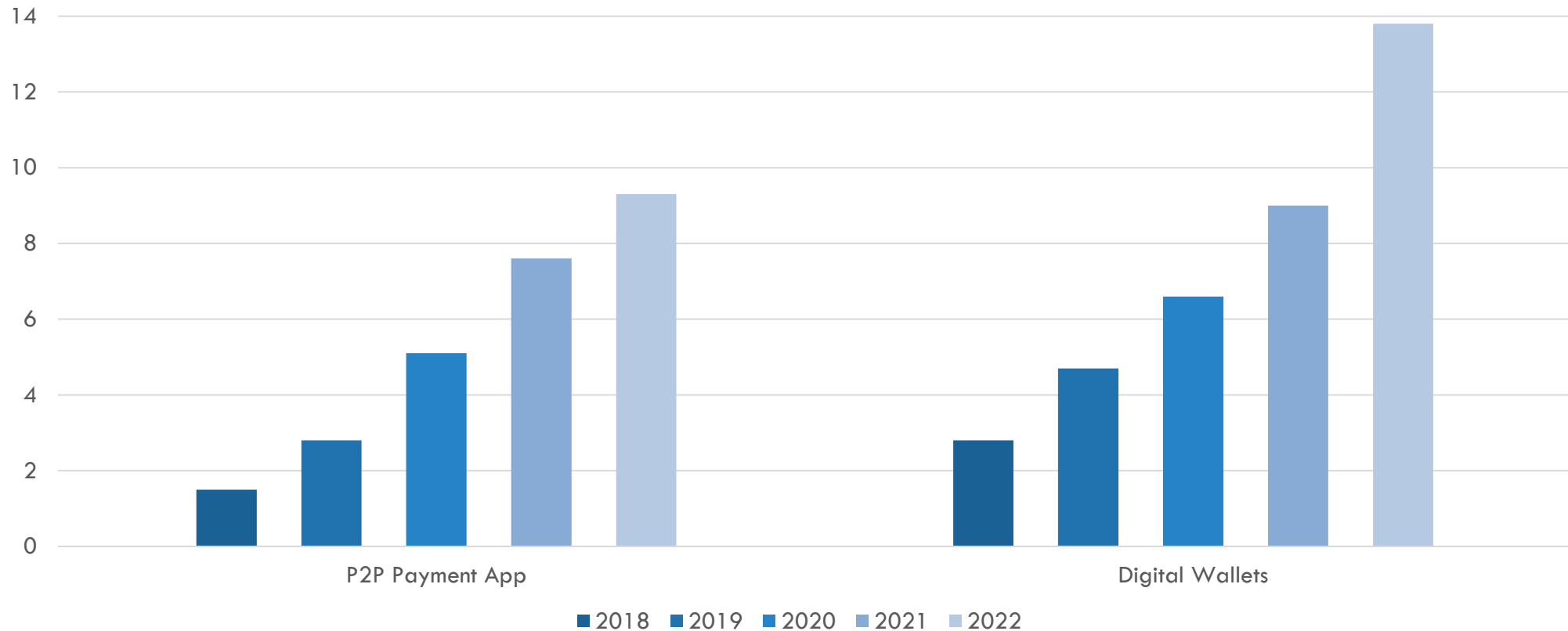
Applies to payment funds transfer services and digital wallets.

Larger participants are defined as providers facilitating at least 50 million transactions annually.

The “larger participant” rule establishes the authority of the CFPB to supervise these companies.

GROWTH IN US USAGE OF PAYMENT APPS + DIGITAL WALLET

BY NUMBER OF TRANSACTIONS PER YEAR 2018-2022



PROBLEMS ASSOCIATED WITH PAYMENT APPS + DIGITAL WALLETS

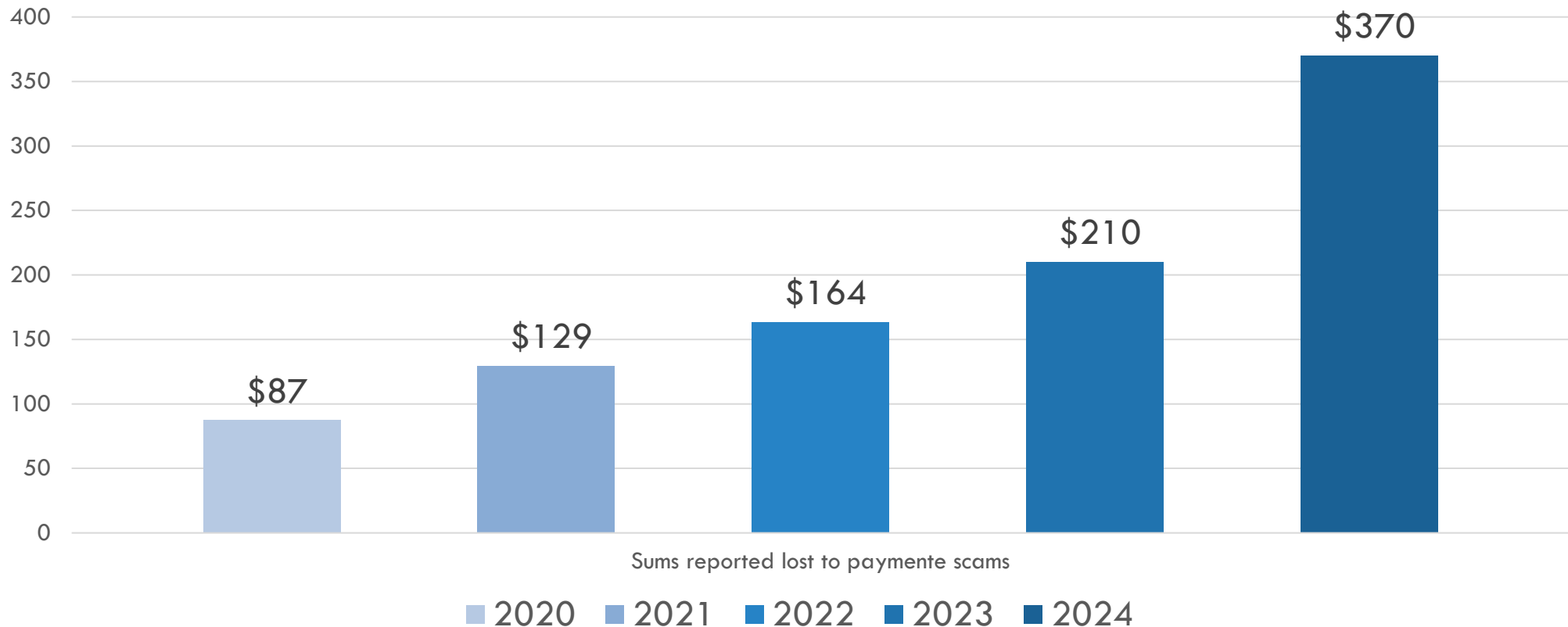
Fraud is rampant and protections are often non-existent

Companies may close your account without a reason.

Large Big Tech companies collect vast quantities of data about your transactions.

SUMS REPORTED LOST TO PAYMENT APP FRAUD

\$ IN MILLIONS. SOURCE: FTC CONSUMER SENTINEL DATABASE
ANNUAL GROWTH RATE OF 43 PERCENT



BANK VS. PAYMENT APP RESPONSE TO FRAUD

Bank

Answers the phone with a live person

Has 10 days to investigate a dispute.

Must provide provisional credit if the investigation takes longer than 10 days.

Their regulator ensures their compliance with these expectations through supervision + enforcement

Example: Cash App practice

Did not have a live person from 2016 to 2021

Didn't investigate:

- "Call your bank"
- "Call the merchant"
- "Call the police and file a report"

Didn't provide credits or refunds

Was addressed through enforcement

DEBANKING

App companies may close your account.

Having your account closed and your funds frozen is a problem and could be very bad for people who rely on those dollars to cover expenses in a timely manner.

SURVEILLANCE



CONCLUSION

Key Facts on the Rule

It covers apps and digital wallets with more than 50 million transfers. These are the “larger participants.”

Gives the CFPB the right to supervise these apps.

Talking Points

Supervision is a complement to enforcement.

Supervision prevents harms

Creates parity with bank payment apps

Protects people from fraud, debanking, and surveillance

Payment apps are the second most-common payment fraud vehicle

Recent enforcement actions demonstrate that payment app companies are not following the rules.