

CFPB weighs action on P2P fraud accountability

Article

The news: The **Consumer Financial Protection Bureau** (CFPB) is reportedly planning to push US banks to better compensate customers who've fallen victim to scams involving **Zelle** and other peer-to-peer (P2P) payment providers, according to unnamed sources who spoke to the Wall Street Journal.

- The proposed guidance could introduce requirements for authorized push payment (APP) scams, like when consumers are tricked into sending money by fraudsters posing as bank representatives.

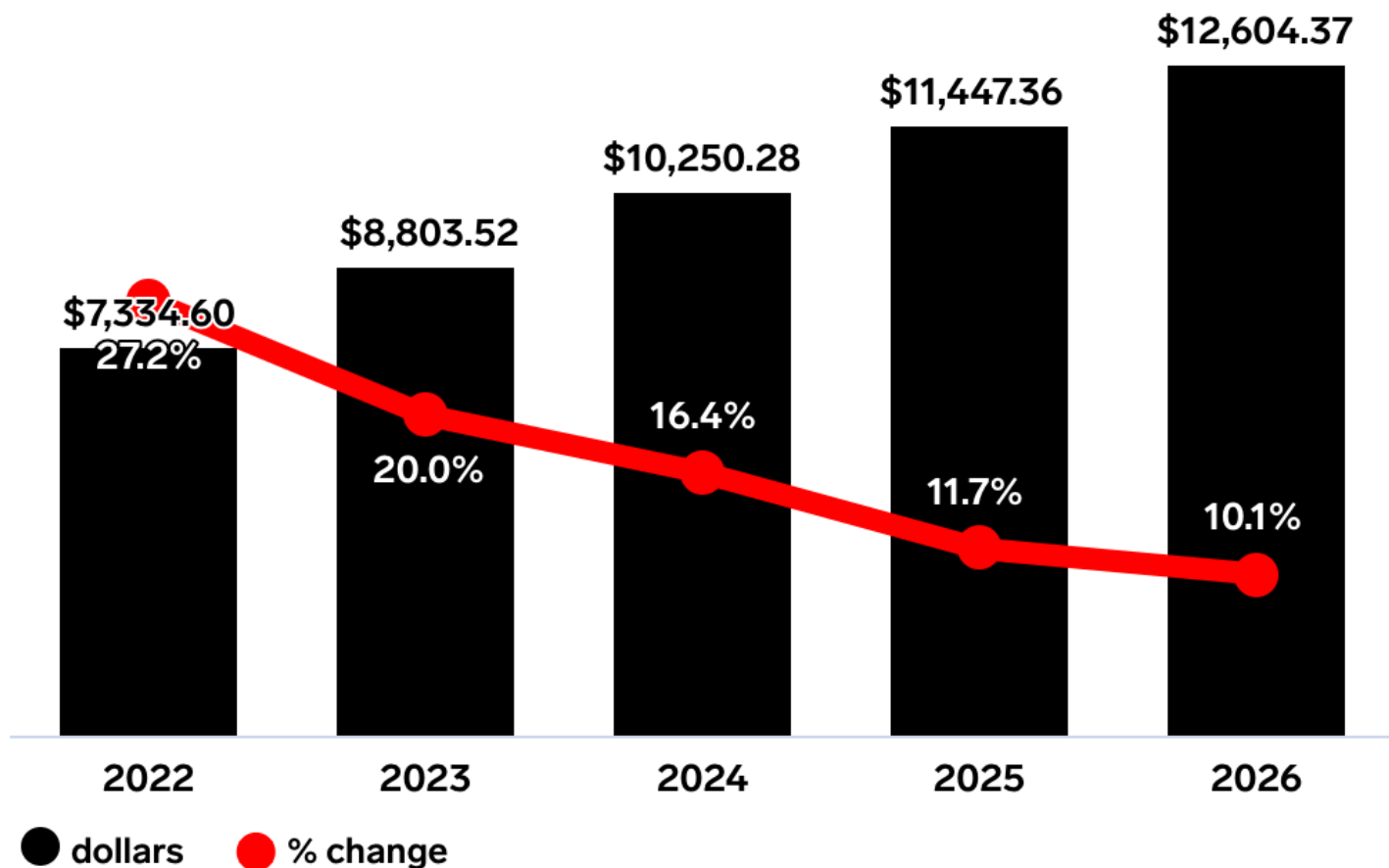
- The reported guidance is not finalized and could change, per the Journal.

The backdrop: The popularity of P2P payments has surged in recent years as the pandemic forced more consumers to embrace digital payments.

- **P2P payments volume is projected to grow nearly 30%** in the US this year, per Insider Intelligence's [forecast](#).
- But P2P payments' benefits—ease of use and accessibility—have also attracted fraudsters.
- **Nearly 18 million customers fell victim to P2P fraud** in 2020, per Javelin research.
- This has led to a series of lawsuits against P2P payment providers and banks, including [Wells Fargo and Zelle](#) and [PayPal](#), for failing to protect customers from scams.

P2P Mobile Payment Spending, per User

US, 2022-2026



Source: eMarketer, March 2022

eMarketer | InsiderIntelligence.com

What now? The proposed guidance is in line with the CFPB and Director Rohit Chopra's more hands-on approach to regulation.

- New rules should clarify any regulatory gray areas, like whether banks or payment firms are responsible for refunding defrauded customers.
- Payment firms and banks can also proactively take steps to minimize fraud. Zelle, for example, launched fraud solutions Verify Identity and Authenticate this year.

The big takeaway: Stronger P2P payments oversight could be coming in the US.

This could address the growing problem of fraud, which stands to impede P2P payments growth by deterring customers who might be wary of getting scammed. New regulation may put added strain on banks, but it could also help the industry in the long run by improving consumer trust in P2P services and increasing adoption.