

The CFPB won't ease up on payments oversight anytime soon

Article

The news: Consumer Financial Protection Bureau Director Rohit Chopra said the agency is taking a deeper look into pressing issues like peer-to-peer (P2P) payments fraud—and it doesn't intend to let up on these types of crackdowns, he told Bloomberg last week.

He said the agency will pay close attention to “repeat offenders” like **TransUnion**, which the CFPB [sued](#) in April for allegedly violating a 2017 enforcement order.

How we got here: Since being sworn in as director last October, Chopra has been a force to be reckoned with in the financial sector—and he’s taken steps to increase oversight in the payments space.

Buy now, pay later (BNPL). The consumer watchdog released a report in September following a nearly yearlong investigation that highlighted BNPL’s growth and the three major risks involved with the payment method: inconsistent consumer protections, data harvesting and monetization, and debt accumulation and overextension. The CFPB plans to issue guidance to ensure BNPL providers are regulated more like credit card issuers.

P2P payments. The CFPB is weighing how to address P2P payments fraud, Chopra told Bloomberg. Sen. Elizabeth Warren (D-MA) recently called on the CFPB to strengthen regulations so that banks are accountable for authorized push payments (APP) fraud, which is a growing problem within P2P payments. The agency also opened an investigation into how **Block’s Cash App** handles customer complaints and disputes.

Credit cards. The CFPB is looking into credit card companies’ business practices and ways to improve consumers’ experiences with credit cards. The agency is focused on uncovering anti-competitive practices; making it easier for consumers to compare, switch, or refinance credit cards; and scrutinizing “junk” fees. In May, the CFPB also sent letters to six major credit card companies to learn about the consumer payments data they report to the credit bureaus.

Big tech. Chopra has kept a close eye on Big Tech’s move into payments. Last October, the CFPB ordered players like **Amazon** and **Meta** to hand over information regarding how they collect, manage, and use consumer payments data. Chopra also warned Apple in July that he was monitoring its plans to launch a BNPL program, as well as its popular mobile wallet.

What this means: As consumers ditch cash for digital payments and other fintech solutions, the CFPB wants to make it clear that the opportunity isn’t a free-for-all.

- Under the Biden administration, the CFPB has taken a more aggressive approach to financial oversight. And some industry stakeholders believe the agency has overstepped its authority.
- The **Chamber of Commerce**—along with the **American Bankers Association**, the **Consumer Bankers Association**, and other trade groups—filed a lawsuit against the CFPB last month over an update that the agency made to the Unfair, Deceptive, or Abusive Acts or Practices section of its examination manual.

- Regulatory changes like this might force financial institutions to change their strategies, potentially making it more difficult to compete.

Which Payment Methods Have US Digital Buyers Used to Make Digital Purchases?

% of respondents, by demographic, Aug 2022

	Female	Male	18-34	35-54	55-65	Total
Credit card	62%	53%	42%	63%	68%	58%
Debit card	57%	47%	63%	54%	38%	52%
PayPal	42%	45%	43%	48%	40%	44%
Gift certificate	21%	13%	13%	15%	24%	17%
Cash	15%	15%	24%	12%	9%	15%
Apple Pay	11%	11%	20%	9%	4%	11%
Buy now, pay later/installment plan services (e.g. Afterpay, Affirm, Klarna)	13%	7%	13%	12%	5%	10%
Venmo	11%	8%	15%	10%	4%	9%
Google Pay	8%	10%	9%	12%	6%	9%
App provided by retailer (e.g., Starbucks)	7%	4%	7%	7%	3%	6%
Walmart Pay	5%	5%	8%	5%	2%	5%
Samsung Pay	2%	4%	4%	4%	1%	3%
Other electronic wallets	3%	2%	3%	3%	2%	3%
Other	2%	1%	0%	3%	1%	1%
Don't know	0%	0%	0%	0%	0%	0%
None	0%	1%	1%	1%	0%	1%

Note: in the past month/30 days

Source: "The Insider Intelligence Ecommerce Survey" conducted in Aug 2022 by Bizrate Insights, Aug 24, 2022

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