

# Digital Payments Conversation

Consumer Credit, Payments, and Deposits Markets | April 2022



# Disclaimer

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# Trends in Digital Payments

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Consumer Financial  
Protection Bureau

# Person-to-Person (P2P) usage is high

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- 79 percent of consumers have used P2P either through their bank or a non-financial company
- Only 47 percent of respondents did not know if their financial institution supported P2P
- 33 percent were certain that their financial institution offers a P2P service
- Real-time payment is expected, 70 percent of consumers expect their funds to be received within an hour for a P2P transaction

Data from Fiserv Quarterly Trends Research – February 2021

# The pandemic accelerated P2P usage

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- In early 2020, first time P2P activity surged by 17.99 percent from the first to second quarter
- Growth in the number of accounts rose 12.44 percent over the same period
- Hypothesis - when the shock of the pandemic was most acute, individuals adopted P2P to pay others remotely, perhaps as they sought ways to avoid the need for exchanging cash or checks.

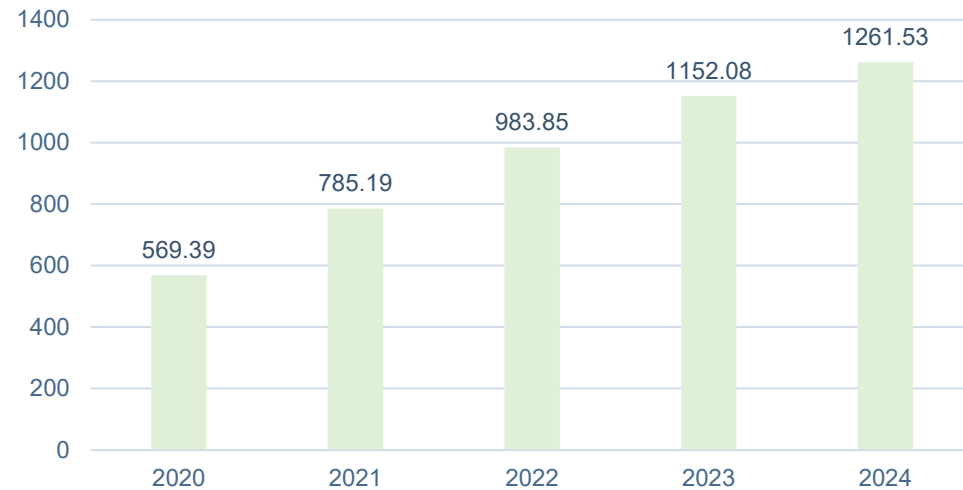
Data from FRB payment study

# P2P use is projected to grow

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- Rapid growth of P2P will continue at the expense of cash and check
- P2P is becoming a ‘must have’ offering for financial institutions
- Zelle, the bank centered offering, is competitive but both Cashapp and Venmo have established large and loyal user bases

P2P Payment Transaction Value 2020-2024  
(\$ Billions)



Data from eMarketer, August 2021

# P2P payments are a vehicle for fraud

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- 50 percent of complaints to the CFPB regarding P2P are fraud related
- In 2020, the Federal Trade Commission received nearly 62,000 complaints from consumers who sent money to fraudsters via payment apps or similar services
- In December 2021, the CFPB issued a [Compliance Aid](#) to offer guidance related to Reg E compliance and P2P payments to address situations when a consumer is fraudulently induced by a third party to provide their account information

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# Trends in Crypto Consumer Scams and Complaints

Alexis Goldstein, Markets & Policy Fellow

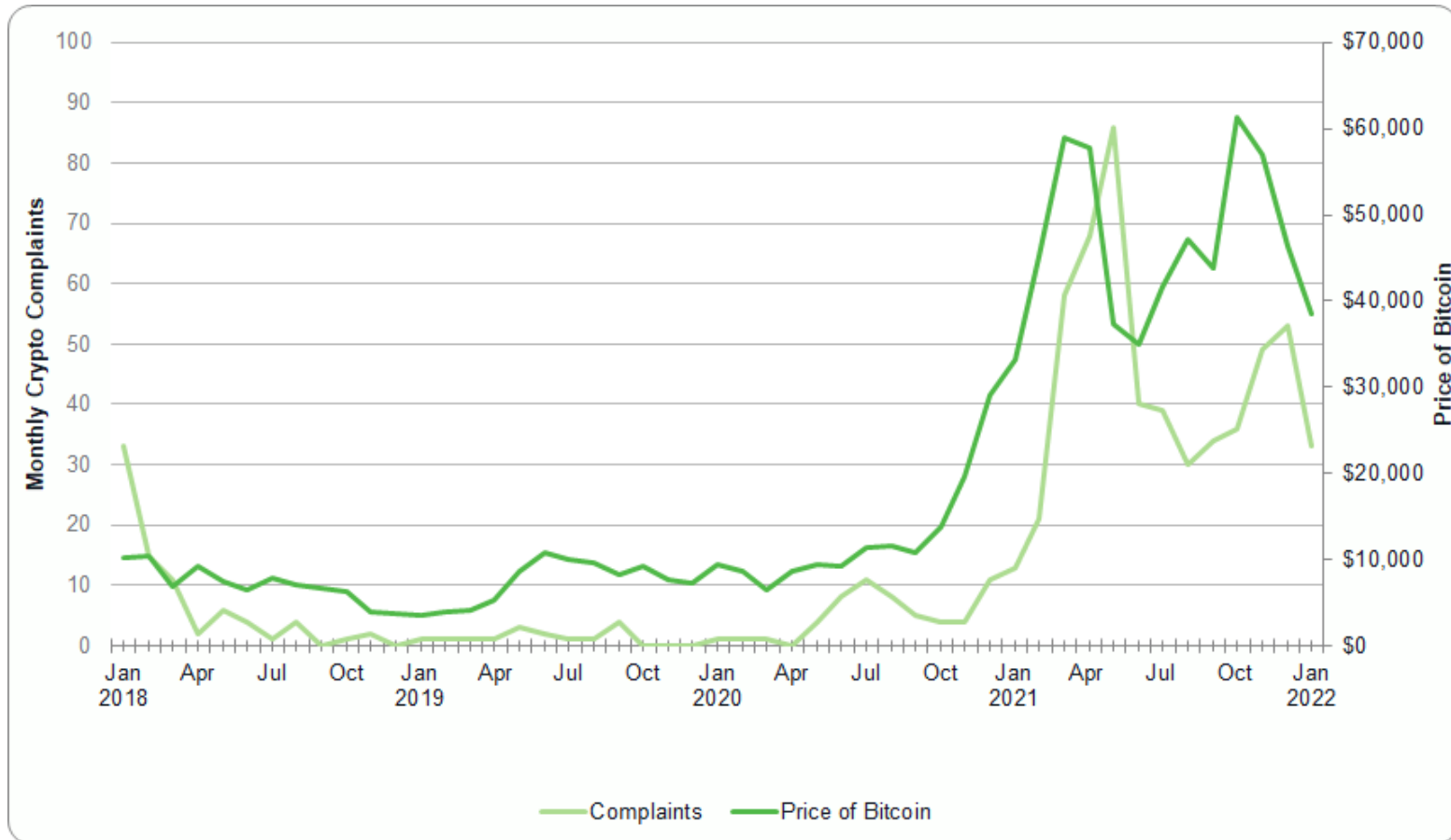


# Crypto Asset Consumer Complaints

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- CFPB complaints suggest that crypto wallets and crypto exchange accounts are frequently a target of fraud and theft.
- Some consumers claim to have lost hundreds of thousands of dollars due to unauthorized account access.
- Consumer complaints suggest that many consumers have difficulty executing trades, especially during times of market volatility.

# Crypto Asset Complaints Increase with Volatility



# Crypto Asset Topics in Social Media

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- Over the last 6 months, crypto assets were the most common topic about which people reached out to the CFPB on social media:
  - Approximately 24% of our inbound messages.
- Generally, these messages are complaints about the inability to access funds.
- These individuals typically request intervention from the CFPB to help them receive access to their money.

# Crypto Asset Losses in Decentralized Finance

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- Setting aside the large exchanges, in decentralized finance (“DeFi”) markets alone, users lost [more than \\$10.5 billion](#) in 2021 to hacks and theft.
- 2021 DeFi losses are seven times higher than 2020 (which saw \$1.5 billion in losses).

# Crypto Asset Complaints: Scam types

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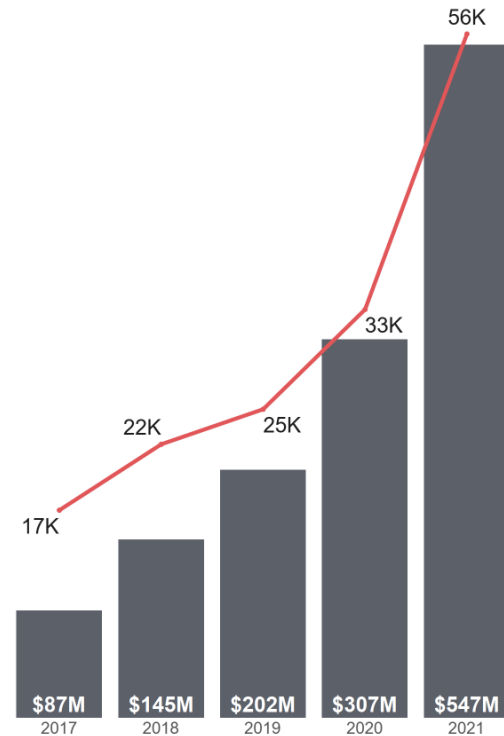
- Types of fraudulent behavior that target crypto assets:
  - Phishing and/or social engineering.
  - Investment scams and stock scams that use crypto assets.
  - A so-called “[sim-swap](#)”: intercepting SMS messages to exploit two-factor authentication used by exchanges.

# Romance scams and crypto assets

- The largest reported losses to romance scams in 2021 were paid in cryptocurrency: [\\$139 million](#)
- The median individual reported loss using cryptocurrency was \$9,770.

## Reports about romance scams: Growth over five years

2021 total reported losses were more than 6 times what they were in 2017, and the number of reports grew to more than 3 times the 2017 number.



Figures based on fraud reports to the FTC's Consumer Sentinel Network that were classified as romance scams. Reports provided by the Internet Crimes Complaint Center are excluded.

# Elder financial exploitation and romance scams

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- Older adults report the highest dollar loss to romance scams (of all types).
- People 70 and older reported the [highest individual median losses](#) at \$9,000, compared to \$750 for the 18 to 29 age group.

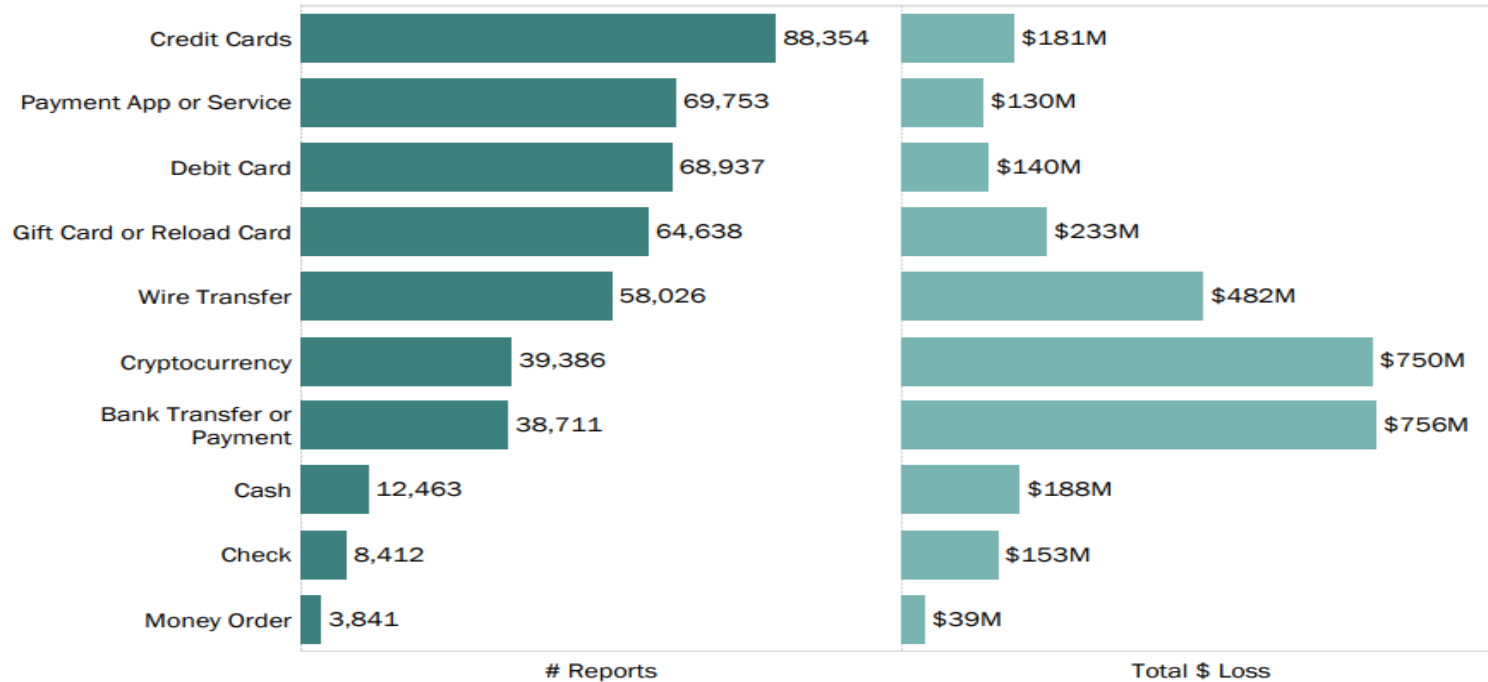
# Servicemembers and crypto asset scams

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- Crypto assets are rising as a preferred payment method for scams targeting servicemembers through identity theft or romance scams.
- Army investigators have [warned](#) of schemes to blackmail soldiers for Bitcoin.
- Hundreds of servicemember complaints to the CFPB involved crypto assets or crypto asset exchanges in the last 12 months.
- The top issue (one-third of complaints) was frauds and scams.



# 2021 totals paid to scammers, by payment method



Consumer Sentinel 2021

# Crypto Scams Target Donors to Ukraine

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The FTC recently [warned](#) of scammers soliciting crypto asset donations to allegedly help people in Ukraine. Instead, donations go to the scammer's crypto wallet.

A graphic from the Federal Trade Commission. The top section is blue with the FTC logo and the text "FEDERAL TRADE COMMISSION". Below this is a yellow section with the heading "Donating to help people in Ukraine?". The main text reads: "Check out the group or person before sending money — by cryptocurrency or any other payment method." To the right of the text is an illustration of a blue hand holding two gold coins. At the bottom left of the yellow section is a white button with the text "Start here: [ftc.gov/charity](https://ftc.gov/charity)".

FEDERAL TRADE COMMISSION

## Donating to help people in Ukraine?

Check out the group or person before sending money — by cryptocurrency or any other payment method.

Start here: [ftc.gov/charity](https://ftc.gov/charity)

# Helpful resources

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- CFPB Consumer Complaint [Database](#)
- [ftc.gov/cryptocurrency](https://www.ftc.gov/cryptocurrency)

Submit complaints:

- [Consumerfinance.gov/complaint](https://www.consumerfinance.gov/complaint)
- [Reportfraud.ftc.gov](https://www.reportfraud.ftc.gov)

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# Thank You

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