



March 4, 2025

United States Senate  
Washington, DC 20510

**Re: Oppose Congressional Review Act resolution to repeal CFPB Digital Payment App Oversight Rule that protects personal data, reduces fraud, and protects users' accounts**

Dear Senator and Legislative Director:

Consumer Reports<sup>1</sup> urges you to oppose the Congressional Review Act (CRA) resolution S.J. Res 28 — A joint resolution disapproving the rule submitted by the Bureau of Consumer Financial Protection relating to “Defining Larger Participants of a Market for General-Use Digital Consumer Payment Applications” to repeal the Consumer Financial Protection Bureau’s (CFPB) finalized payment app user protection rule, commonly called the “larger participant rule.”

The important rule merely provides oversight to ensure that big tech companies comply with the law to ensure that the millions of users of digital payment apps and wallets are safe from fraud, safeguard people’s sensitive personal information, and do not engage in unfair, deceptive or abusive acts or practices such a widespread, prolonged freezes or deactivation of accounts that contain funds needed for food and other necessities. The CRA resolution would allow these Big Tech companies to evade the statutory protections that people deserve to be free from fraud, abuse, deception, or personal data harvesting.

The rule applies to the biggest non-bank companies such as PayPal, Venmo, Cash App, Apple Wallet, and Elon Musk’s X-Money, once its activities surpass the threshold to qualify as a larger participant. The rule does not adopt any new requirements; it simply ensures that these large payment companies get the same oversight banks are subject to, to ensure that they comply with consumer financial protection laws and avoid risky practices. This creates regulatory consistency across all firms.

The rule closes a loophole that permits non-bank payment app companies to operate without supervisory reviews, unlike bank app funds transfer services. Its provisions allow the CFPB to monitor payment app companies so that transactions are safe and that people receive remedies for errors and unauthorized charges, whether they are completed by a digital payment app or a bank. If the CRA resolution overturned the rule, it would create a blind spot for this important industry.

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<sup>1</sup> Founded in 1936, Consumer Reports (CR) is an independent, nonprofit and nonpartisan organization that works with consumers to create a fair and just marketplace. Known for its rigorous testing and ratings of products, CR also advocates for laws and corporate practices that are beneficial for consumers. CR is dedicated to amplifying the voices of consumers to promote safety, digital rights, financial fairness, and sustainability. The organization surveys millions of Americans every year, reports extensively on the challenges and opportunities facing today’s consumers, and provides ad-free content and tools to 6 million members across the United States.

The millions of people who use digital payment apps are vulnerable to fraud, unauthorized transactions, commodification of their sensitive personal information, and having their accounts deactivated or frozen, often without notice or explanation. Servicemembers, especially those overseas, are more likely to use payment apps and have been particularly harmed, based on skyrocketing complaints to the CFPB.

Consumer payment applications are becoming ubiquitous in consumers' financial lives, with more than nine out of ten consumers reporting to have used some form of digital payment in the past year.<sup>2</sup> There is consumer demand for action by the CFPB and Congress to implement common sense rules for payment applications.<sup>3</sup>

Consumer Reports has been closely studying the peer to peer (P2P) payments market to identify risks to consumers and recommend improvements. Our recent white paper, "Peer-to-Peer Payment Apps: A Case Study for a Digital Finance Standard," provides a comprehensive look at the state of consumer protection across popular P2P services.<sup>4</sup> In this paper, Consumer Reports conducted a comparative evaluation of four leading P2P payment apps - Apple Cash, Cash App, Venmo, and Zelle - assessing their safety, privacy, and transparency policies and practices. Among other things, we found that all four services lacked clear, accessible disclosures about the availability of FDIC insurance for user balances and the full scope of their fraud and error resolution policies.

As the market for consumer payment applications grows, concerns about large losses related to hacking and induced fraud on Big Tech payment platforms have mounted. In 2023 alone, consumers reported losing \$210 million related to P2P payment apps. The median loss for P2P scam victims is \$500, a significant amount for many households, with some losses reaching into the thousands.<sup>3</sup> A followup review carried out by Consumer Reports in September 2024 found that many companies had not significantly improved their security and fraud protection policies.<sup>5</sup>

Over 25,000 consumers have signed our petition urging the CFPB to require peer-to-peer app companies to aggressively investigate reports of fraud and reimburse anyone who they determine was fraudulently induced into sending money to scammers.<sup>6</sup> The petition additionally calls for limiting the collection and storage of consumer information in payment applications beyond what is needed to provide the payment service.

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<sup>2</sup> McKinsey & Company, "Consumer digital payments: Already mainstream, increasingly embedded, still evolving" (Oct. 20, 2023)

<https://www.mckinsey.com/industries/financial-services/our-insights/banking-matters/consumer-digital-payments-already-mainstream-increasingly-embedded-still-evolving>

<sup>3</sup> Consumer Reports, "Let's take the risk out of 'Venmo Me'" (Dec. 2023) <https://action.consumerreports.org/20230308-paymentapps-em>

<sup>4</sup> Consumer Reports. (November 2022). The Fair Digital Finance Framework: Initial Application to the Peer-to-Peer Payments Sector, available at: [https://innovation.consumerreports.org/wp-content/uploads/2023/02/P2P-Whitepaper-Final-Report-1\\_24\\_23.pdf](https://innovation.consumerreports.org/wp-content/uploads/2023/02/P2P-Whitepaper-Final-Report-1_24_23.pdf)

<sup>5</sup> Landry, Stephanie. [Little Change Since 2022: Peer-to-Peer Services' Policies Still Need Additional Clarity and Coverage to Protect Consumers from Fraud and Scams](https://innovation.consumerreports.org/peer-to-peer-services-policies), CR Innovation Blog, September 26, 2024, available at: <https://innovation.consumerreports.org/peer-to-peer-services-policies>

<sup>6</sup> Consumer Reports petition, "Let's Take the Risk Out of 'Venmo Me: Demand Common Sense Rules for Payment Apps,'" available at: <https://action.consumerreports.org/20230308-paymentapps-cro>

The CFPB's payment app user protection rule requires the companies to follow federal laws that protect customers:

\* **Enhances privacy and reduces surveillance:** The rule requires payment apps to follow federal law, allow users to opt-out of excessive data collection and sharing data with third parties, and prohibits the apps from misrepresenting their data protection policies.

\* **Confronts errors and fraud:** The rule reinforces consumers' right to dispute transactions that are fraudulent or erroneous, requires that the platforms investigate these customer complaints, and prohibits payment apps from advertising their services as safe when they ignore signs of fraud or allow scammers to use the apps to steal from customers.

\* **Addresses deactivation and cancellation:** The rule provides oversight and a remedy to the serious harm people face when their accounts are frozen or deactivated and they cannot access their own money to pay for the necessities of daily life.

For all these reasons, we strongly urge you to support the CFPB's proposed Big Tech payment platform rule, which will ensure adequate federal oversight of payment applications used by many millions of consumers. Consumers should not have to choose between convenience and strong security and privacy protections, including safeguards against hacking and scams. We urge you to vote NO on S.J. Res 28.

Sincerely,

A handwritten signature in black ink that reads "Charles W. Bell". The signature is written in a cursive, slightly slanted style.

Chuck Bell, Programs Director  
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Yonkers, NY 10703