



RULE ENABLES CFPB TO MONITOR COMPANIES LIKE PAYPAL, VENMO, CASH APP, X MONEY

The Consumer Financial Protection Bureau (CFPB) has finalized a [rule](#) allowing it to supervise larger nonbank companies that offer services like digital wallets and payment apps, also known as peer-to-peer or P2P apps. Supervision of these companies will make sure they comply with the law, including privacy laws, and do not facilitate fraud. Banks are already supervised for these same reasons, and this rule will level the playing field to make sure all payments are safe, whether offered by a bank or a nonbank company.

Millions of people use digital payment apps and wallets such as PayPal, Venmo, CashApp, and Apple Wallet to send money to friends and family and for goods and services like rent. However, as consumer use of these products has increased, so have consumer complaints of fraud, unauthorized charges, and other issues. “Payment app or service” is now the [second most common payment fraud method](#) (after credit cards) reported to the Federal Trade Commission. The CFPB recently [ordered Cash App](#) to pay \$175 million for allowing fraud to proliferate.

The Big Tech Payment App Oversight Rule brings regulatory parity that will improve consumer protections in key areas. This rule merely allows the CFPB to monitor the larger nonbank digital payment providers on an ongoing basis, just as it examines banks, to make sure they follow the law and avoid risky practices. Supervision can help companies comply with the law without facing public enforcement actions and enables the CFPB to identify problems and abusive practices that need attention.

The oversight rule only applies to companies with more than 50 million digital payment transactions per year, not counting those using crypto-assets or not in dollars. The new [X Money](#) service will be subject to the rule if it reaches that volume.

Areas of oversight will include:

- **Privacy and Surveillance:** Large technology companies collect vast quantities of data about an individual’s transactions. Federal law allows consumers to opt out of certain data collection and sharing practices and prohibits misrepresentations about data protection practices.
- **Errors and Fraud:** Consumers have the right to dispute incorrect or unauthorized charges; companies must investigate and correct any errors. Payment apps cannot advertise their services as safe if they ignore signs of fraud and allow criminals to use the apps to steal money.
- **Debanking:** Consumers face serious harm when their account is frozen or closed without notice or reason. [Banks](#) have faced enforcement actions when they froze money for weeks on end, depriving people of funds needed for necessities. [Nonbank apps](#) pose the same risks and need oversight. Consumers have reported concerns to the CFPB about disruptions to their lives due to closures or freezes.