

Peer-to-Peer Payments Are Popular, but Be Careful



Making a peer-to-peer (P2P) payment is a convenient way to transfer money to family, friends, or businesses. Whether you're splitting a bill or paying a babysitter, if you have someone's contact information, you can send or receive money quickly and easily using a mobile app or an online platform linked to your bank account or credit card.

Most P2P transactions go smoothly, but what happens when something goes wrong? Unauthorized transactions will generally be refunded by the P2P service. But what if you accidentally type an incorrect character in a username and send money to a stranger, or you're tricked into transferring funds to a scammer? Unfortunately, in either of those situations, because you've authorized the transaction, the P2P service or your financial institution is generally not required to reverse it or issue a refund, so your money is likely gone for good.

Take precautions to help avoid costly mistakes

Verify requests, especially if they are unexpected. Scammers may try to persuade you to send money by pretending to be an acquaintance, a bank representative, or a merchant — make sure you really know and trust the person who contacted you.

Double-check information before sending funds.

Confirm that the recipient's contact information is correct, and consider sending a small test payment to make sure that the right person received it. And check the amount you're sending to help avoid transferring more than you intended.

Use available security features.

These include multi-factor authentication, biometrics, and passkeys. Keep your app up to date to ensure you have the latest protection, and never share your credentials or make payments through unsecured networks.



***72% of consumers use
P2P services.***

Source: Federal Reserve Bank of Atlanta, 2024

Read terms and conditions.

Make sure you understand what fraud protections and policies apply to the P2P service you're using.

Pay attention to permissions.

If the app allows social sharing of transactions, check the permissions you're granting. Periodically review privacy notices and disclosures to make sure your selections match your privacy preferences.

If you do encounter a problem, contact the app's customer service department and your financial institution; ask them to investigate, and find out what recourse you may have.

IMPORTANT DISCLOSURES

The information presented here is not specific to any individual's personal circumstances. To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances. These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.

Securities and investment advice offered through Investment Planners, Inc. (Member FINRA/SIPC) and IPI Wealth ManagementSM, 226 W. Eldorado St., Decatur, IL 62522. 217-425-6340.