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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

June 15, 2023

Dan Schulman
President and CEO
PayPal, Inc.
2211 N 1st Street
San Jose, CA 95131

Dear Mr. Schulman:

We write in response to reports of widespread fraud and scams on Venmo, a peer-to-peer (P2P) instant payments platform that is owned by PayPal.¹ We seek to understand how Venmo has allowed fraud and scams to proliferate on its platform and the steps that Venmo takes to keep users' money safe.

Venmo's consumer protection policies have not kept pace with the explosion in customer interest in the platform. According to PayPal's Q1 2023 investor update,² Venmo's total payment volume increased 9% quarter-over-quarter to \$62.7 billion. And yet, the company has not taken sufficient steps to protect consumers from the harm that its services have enabled. PayPal's annual report³ notes that although your peer-to-peer payment services are an attractive target for third parties to "engage in abusive schemes or fraud attacks," the company's risk management policies and procedures "may not be effective in detecting and preventing fraud."

While Venmo has not made its own data on scams and fraud publicly available, independent reports indicate widespread consumer harm. A Consumer Reports survey found that 9% of frequent users of P2P apps were victims of fraudulently induced transactions—meaning that a consumer was deceived into initiating a payment via a scam—and 12% accidentally sent money to the wrong person. According to a 2022 Pew survey, Black and Hispanic Americans are twice as likely as their white counterparts to be victimized on these apps.⁴ In other words, millions of Americans have likely been defrauded or scammed using Venmo without sufficient recourse to recover their lost or stolen funds.

Americans deserve a payments system that provides them with speed and convenience, but above all, that keeps their money safe. In light of these concerns, we would like to understand the

¹ Consumer Reports, [Consumer Reports Finds Peer-to-Peer Payment Apps Offer Ease and Convenience but Pose Potential Financial and Privacy Risks for Users](#) (January 24, 2023)

² See PayPal, [Q1 2023 Investor Updates](#) (May 8, 2023)

³ See SEC Filing, [PayPal Holdings, Inc. Form 10-K](#) (February 10s, 2023)

⁴ Pew Research Center, [Payment apps like Venmo and Cash App bring convenience – and security concerns – to some users](#) (September 8, 2022)

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specific steps you are taking to detect and prevent fraudulent transactions, including fraudulently induced transactions, on Venmo. We ask that you provide answers to the following questions by June 30, 2023:

1. How many reports of fraud have you received from Venmo customers for each of the last five full calendar years, and in 2023? For each year, and for the period from January 1 to May 1, 2023, please provide:
 - a. The total number of transactions reported as unauthorized by customers using Venmo, and the total dollar value of these transactions.
 - b. The total number of cases where Venmo provided refunds to customers who reported unauthorized transactions, and the total dollar value of these refunds.
2. How many reports of customer-initiated transactions that were fraudulently induced (i.e. induced through deception or scam) have you received from Venmo customers for each of the last five full calendar years, and in 2023? For each year, and for the period from January 1 to May 1, 2023, please provide:
 - a. The total number of transactions reported by customers as fraudulently induced, and the total dollar value of these transactions.
 - b. The total number of cases where Venmo provided refunds to customers who reported fraudulently induced transactions, and the total dollar value of these refunds.
3. How many accounts used to receive fraudulently induced transactions has Venmo identified for each of the last five full calendar years, and in 2023? Please provide the total number of accounts for each year, and for the period from January 1 to May 1, 2023.
 - a. Please also describe Venmo's policy for determining what action to take when identifying an account receiving payments through fraudulent transactions.
4. Describe Venmo's current practices and policies aimed at detecting and eliminating fraud committed through Venmo. Specifically:
 - a. Describe the measures Venmo is taking to detect and eliminate unauthorized transactions.
 - b. Describe the measures Venmo is taking to detect and eliminate any attempts by account holders to induce fraudulent payments from other account holders, especially Black and Hispanic Americans, who are at higher risk of falling victim as described above.

Thank you for your attention to this request, and we look forward to your timely reply.

Sincerely,

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