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How to Safely Use Mobile Payment Systems

The popularity of mobile peer-to-peer (P2P) payment systems – Venmo, Paypal, Google Wallet – is rising. Such systems provide convenient access to transfer money by giving consumers access to their accounts through mobile devices. Like with all online financial services, however, it is important to take security precautions when using these systems.

Tips for Using P2P Payment Systems Safely

P2P systems enable users to essentially wire money to other consumers and participating businesses directly from their accounts without sharing bank account information. Because P2P systems provide access to financial accounts, they are a prime target for cybercriminals. To use these types of systems safely, we suggest the following:

Use strong passwords. As with all financial accounts, it is important to employ strong passwords that cannot be easily deciphered by cybercriminals.

Use a personal identification number (PIN). Many P2P payment systems offer the use of a PIN as a second form of authorization before a payment is made. This provides additional security if your account is compromised.

Beware of phishing scams. Beware of emails that appear to be coming from a P2P system, and never share account information through email. Contact the company directly if you think there is an issue with your account.

Only make P2P payments with trusted sources. It is not wise to pay or accept money from someone you don't know or trust. Doing so could compromise your account if that person turns out to be a cybercriminal.

Be cautious when linking P2P payment system accounts to bank accounts. Consumers can choose to store money within a P2P payment system or link their bank accounts. Because most mobile and online payment systems are not insured by the Federal Deposit Insurance Corporation (FDIC), consumers could lose any money stored in such a system if the company failed. With a bank, deposits are FDIC-insured up to \$250,000 per account category per bank, meaning that if the bank ever failed, the bank's customers would receive payment from the FDIC for their insured balances. Linking accounts, however, can expose you to security threats as a fraudster would be able to access your full account rather than the amount stored in the P2P system.

Monitor your accounts. Watch for suspicious activity on all of your financial accounts to make sure there are no fraudulent transactions. If you notice anything suspicious, contact your bank or the mobile payment system company directly to address the issue.



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