

FOR IMMEDIATE RELEASE

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Zelle Responds to the CFPB's Meritless Lawsuit

By Undermining Zelle, the CFPB's Lawsuit will Empower Criminals, Harm Consumers and Small Businesses, and Hurt Community Banks

NEW YORK, Friday, December 20, 2024, 2024 – Zelle® released the following statement regarding the lawsuit filed by the Consumer Financial Protection Bureau (CFPB) that will harm the very consumers the Bureau is required to protect, hurt America's small businesses and make it harder for community and minority-owned banks and credit unions to compete:

Statement attributable to Jane Khodos, Zelle spokesperson

For more information visit: www.zellepay.com/americans-rely-on-zelle

"The CFPB's attacks on Zelle are legally and factually flawed, and the timing of this lawsuit appears to be driven by political factors unrelated to Zelle. Zelle leads the fight against scams and fraud and has industry-leading reimbursement policies that go above and beyond the law. The CFPB's misguided attacks will embolden criminals, cost consumers more in fees, stifle small businesses and make it harder for thousands of community banks and credit unions to compete. Zelle is relied upon by 143 million enrolled American consumers and small businesses, and we are fully prepared to defend this meritless lawsuit to ensure their service does not suffer."

Key Points:

- We have made every effort to engage and cooperate with the CFPB on this matter, however they fail to acknowledge **Zelle is an essential part of protecting Americans from fraud and scams** due to our highly effective multilayered fraud and scam prevention countermeasures. The Bureau also fails to acknowledge our **consumer reimbursement policies that already go beyond legal and regulatory requirements**.

- American consumers value Zelle as a reliable, convenient, trusted, and free peer-to-peer money transfer service.¹ In fact, in 2023, despite a 27% increase in transaction volume, reports of scams and fraud decreased by nearly 50%, resulting in 99.95% of payments being sent without a report of scams and fraud.
- The CFPB will also encourage rather than prevent criminal activity by incentivizing criminals to make false claims against banks and credit unions, while also removing incentives for consumers to exercise caution when sending money. And by requiring financial institutions to pay for the actions of criminals, **thousands of financial institutions that provide Zelle – including many community and minority-owned banks and credit unions – will be forced to choose between offering Zelle or increasing fees for consumers to move money and pay everyday expenses.** The CFPB’s attacks will unfairly shift the financial burden of criminal activity to community and minority-owned banks and credit unions – something smaller financial institutions cannot afford.
- Small businesses already face enough challenges, but the CFPB would have them face even more. In the first half of 2024 alone, small businesses conducted nearly 244 million transactions using Zelle, moving \$129.5 billion dollars. Small business owners in communities across the U.S. rely on Zelle’s unique features to provide their customers with flexible ways to pay, to give their dedicated employees an on-the-spot bonus, and to quickly send money for a last-minute delivery. **If banks are forced to stop offering Zelle, it would take away a valuable, reliable and needed tool for America’s Main Street – the backbone of the U.S. economy.**
- Zelle reimburses customers for all instances of fraud as required by the law under the Electronic Funds Transfer Act and Reg E, and today’s litigation from the CFPB does not dispute that fact. Zelle also goes above and beyond what is required by law and reimburses customers for certain types of scams where the customer authorized the transaction. Through this lawsuit, the CFPB would be simultaneously creating and enforcing entirely new legal requirements that go well beyond what Congress authorized the CFPB to do. This lawsuit would be part of the CFPB’s pattern and practice of regulatory overreach where the CFPB is attempting to impermissibly expand the law to require banks to reimburse consumers for transactions they authorized, which goes well beyond the clearly defined requirements established by Congress in the Electronic Funds Transfer Act.

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¹ Based on a Q4 2023 survey of financial institutions offering Zelle® to their customers, 99.44% of consumer saving and checking accounts linked to Zelle® are not charged a fee to send, receive, or request money.