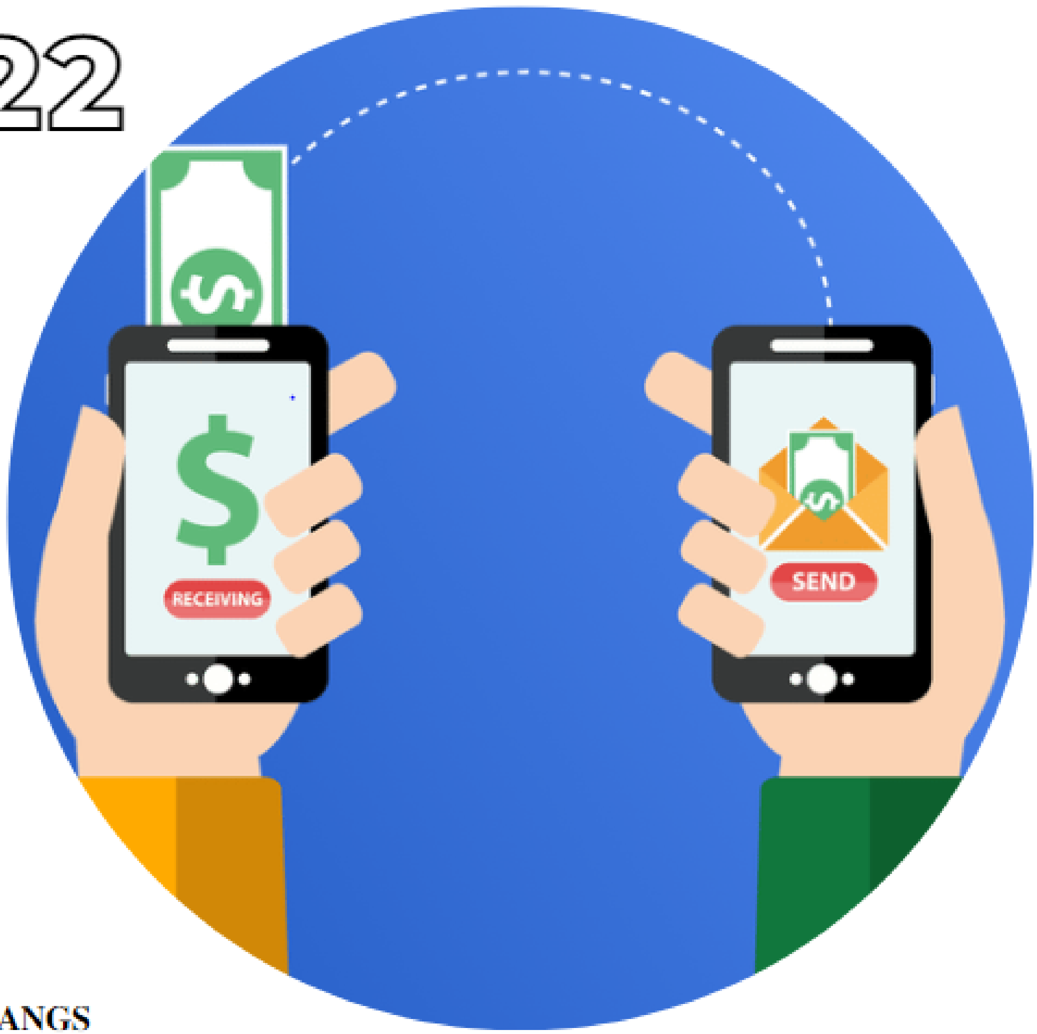
PEER-TO-PEER PAYMENT METHODS: IMPACTS ON THE MARKETPLACE

2022



MKTG 499
Final Analysis

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Executive Summary

As American society has progressed into the digital age, major technological advancements have made formerly complicated or confusing processes more accessible and easy to perform than they had been before. One of the most significant advancements of the past 20 years has been the introduction of peer-to-peer payment methods, which allow individuals to forgo prior methods of exchanging money and send money directly to an individual or organization within seconds. This has allowed consumers to expedite the process of making and accepting payments and changed the way that people exchange money with each other. What used to be a potentially lengthy process, especially with exchanges of larger amounts of money, has become as simple as inputting an amount and hitting the send button.

The use of peer-to-peer (P2P) payment methods is becoming more popular among consumers, as of 2017 "57% of American adults reported using a P2P service… [and use] has increased to 70% in 2020", to which we can only assume will continue to increase over time (PaymentsJournal, 2021). Popular P2P services include Paypal, Venmo, Zelle, and Cashapp, which all provide affordable and convenient money transfer services. P2P services' emergence within the marketplace has subsequently had a major impact on consumer behavior regarding consumer purchasing habits, preferred methods of payment, e-commerce, and even ethical implications of spending. All of these various topics that have been impacted or influenced by the presence of peer-to-peer payments will be discussed throughout this report.

In this research analysis, we will be diving into different concepts related to consumers and their willingness to use P2P apps as a payment method. Primary research has been conducted through a survey that we distributed to college students to gain their insights on why peer-to-peer payments are becoming increasingly popular amongst the younger generations. Through our analysis, we will touch on the brief history of different peer-to-peer payment apps, psychological and behavioral concepts, and how it ties into consumers' behaviors. We will also divulge the drawbacks of peer-to-peer payments and how various opportunities that they might encounter because of their growth. With a new wave of payment methods, rules and regulations have fallen behind, leaving questions about ethical implications.

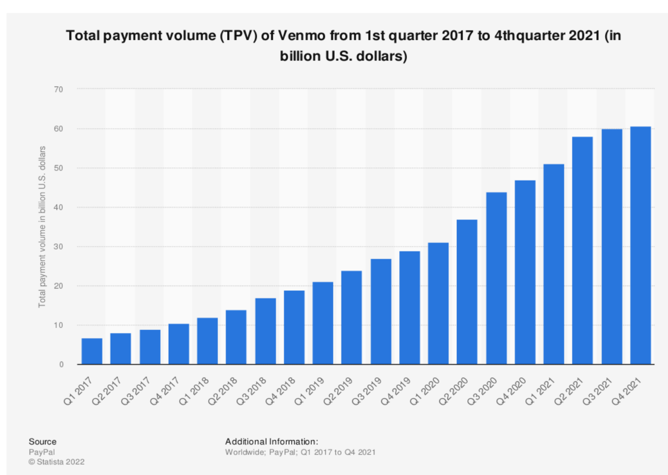
Once analyzing the various P2P applications, through the first survey conducted it was determined that Venmo was the primary application used among the tested respondents. Based on these findings we have delved into the multiple components that have contributed to the successes of Venmo's P2P platform, as well as the weaknesses regarding the behavioral insights, consumer and economic behaviors, and ethical implications. In order to gain further insight into the user's experience and perception of Venmo specifically, a second survey was distributed to college students, receiving 37 responses. Within this second survey, we explored the idea of loss incurred by users when making payments with Venmo, Venmo's fraud and security, as well as the limitations to its functionality. An experiment was embedded within the survey to test Venmo users' willingness to pay (WTP) based on the use of different payment methods; credit cards, debit cards, cash, and Venmo, for a standard bag of family-size chips. The experiment provided valuable information in determining how payment methods impact an individual's WTP.

Introduction

In an uprising digital age, we see many technological advancements being adopted by the mainstream. One of these advancements is peer-to-peer (P2P) payment networks which makes the process of transferring assets much more accessible and easy than ever before. In recent years these P2P platforms have become much more popular among consumers with 70% of consumers reporting actively using P2P platforms in 2020 (PYMNTS.com, 2021). This increase in popularity shows that society has accepted this new technology and is widely accepted. Our goal throughout our research is to see how these P2P payment platforms have changed consumer behaviors when it comes to transferring assets for goods or services. We also look to break down the most popular P2P payment network and get insights through quantitative research to see exactly what's driving these changes and how these new networks are affecting the industry and consumer behaviors moving forward.

Brief History

It's no surprise that this new digital space has revolutionized how we spend and transfer money. Long before today's most popular P2P payment networks, PayPal worked to pioneer the concept of transferring assets over a digital network without sharing private bank account information. This platform quickly took off as consumers liked this new and easy way to transfer money and, as a result, led to the growth of online marketplaces around the globe. This PayPal P2P payment system was advanced for its time but did not have the same efficiency and appeal that modern P2P payment providers have today. In 2011, a new company called Venmo took this idea one step further by developing social network mobile transfers. This application for smartphones has created a simple way to send funds to anyone who also has an account. Venmo's new way of transferring funds from one person to another made the whole process easy and enjoyable by creating a social aspect with captions, friends, and a plethora of custom emojis to attach to each payment. This app was quickly adopted by Millenials and was named the most popular P2P payment network after reaching over 60 billion dollars in the total payment volume of quarter 4 in 2021 (Best, 2022). After seeing the success of Venmo, other services like Zelle, Apple Pay, and Cash App created their own payment networks. This new wave of mobile transfers has taken the financial industry by surprise and poses a real threat to traditional banking.



(Sisko, 2020)

With banks traditionally being the primary reference for money transfers between individuals, these new P2P third-party platforms are putting these institutions at risk of becoming the back-end for transactions made on other networks (Sisko, 2020). This makes banks harder to differentiate themselves leading to further growth of these mobile platforms. Banks, fearful of falling behind have created their P2P platforms. It's hard to tell how this will play out, but it's almost certain that with the lack of regulations on third-party applications, these platforms will continue to innovate and differentiate themselves from traditional banking.

As these platforms become accepted by the mainstream, it's essential as marketers to understand people's buying intentions and how these payment platforms have worked to alter consumer behaviors and pricing perceptions. With transactions between peers becoming more accessible every day, we have seen a variety of consumer behavior patterns change. A couple of examples would be cognitive bias, loss aversion, framing effect, and bargain hunting. All of these behaviors affect the pricing structure and marketing mix that marketers will use to maximize their returns.

Research Methodology

This research was conducted to test a couple of different predetermined hypotheses based on secondary research and will be used to better understand the users who integrate P2P transactions into their daily lives. We not only set out to understand the demographic of people who use P2P transactions but ask questions that allow us to understand them as a person and their motivations for using P2P platforms to transfer assets. For this reason, we broke our primary research down into two surveys, each with different goals. The first survey focuses on gathering data on respondents' opinions and usage of any P2P platform. This survey was broken down into a couple of different categories. This includes demographics, platform usage, customer experience, pricing dilemma insights, in-store behavior, and user concerns. After conducting the survey we ended up collecting a total of 52 valid responses to use in our analysis.

The second survey dives deeper into the industry by providing us insights into the most popular P2P platform, Venmo. This survey's goal is to gain insights into Venmo’s platform and how different product features and user concerns play a role in the consumer's decision-making process. To achieve this goal we asked questions under a couple of different categories such as demographics, platform familiarity, usage, and customer experience.

During our second survey with a primary focus on the platform Venmo, we included a built-in experiment. The hypothesis being tested was to see if “There was a difference in the consumer's willingness to pay based on the payment method being used." During our experiment, the respondents were given one of four randomized questions that asked the respondent to write how much they would pay for a family-size bag of lay’s chip. The difference between the four questions was the type of payment method they would use to make the purchase. We split these payment methods into four categories; credit cards, debit cards, cash, and Venmo. This was to give us insights into the consumer's willingness to pay for a product or service based on different payment methods. After conducting our survey we received 36 valid responses to analyze. The results from our surveys are thoroughly explained in the sections below.

Method of Data Collection

After exploring previous research on this topic along with a good understanding of our current objectives we feel that using the quantitative method of data collection would yield the most accurate results. Quantitative research is the collection of numeric answers that allow us to find relationships between groups of individuals and how they view P2P platforms. We think this method will be the easiest method of proving or disproving a hypothesis and allow us to study consumer pricing motivations. Overall, by using the quantitative data collection method to collect and analyze the result, we can increase the accuracy of our findings.

Pricing and Sales Promotion Decisions

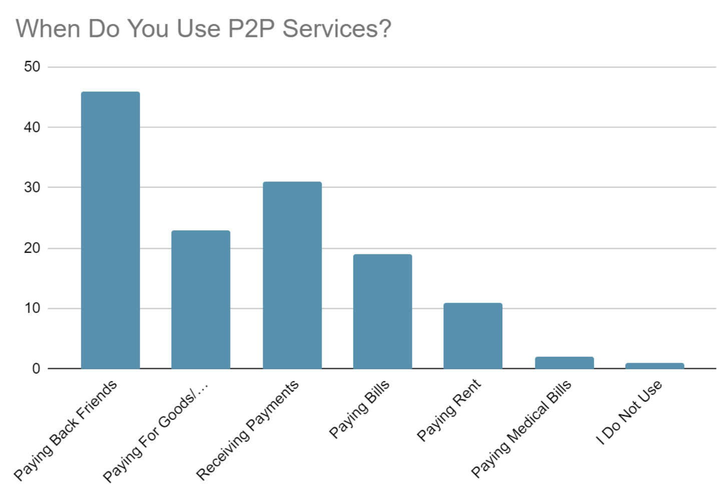
There are many different types of peer-to-peer payment methods, creating a competitive industry. According to our primary research, 97.3% of respondents stated that they used Venmo, a free peer-to-peer payment app (Appendix B, Fig 2.3). While most peer-to-peer payment apps are initially free to use, some apps have charging fees to send money from the app to a consumer's bank account. “Generally speaking, you can make P2P payments from a linked bank account or straight from the P2P account for free. But some providers charge fees - 2% or 3% to process payments drawn from a credit or debit card” (Murakami - Fester). In some cases, peer-to-peer payments such as Zelle are straight from one consumer's bank account to another without the hassle of a third-party app. Peer-to-peer payment methods are competing against other apps, as well as against more traditional forms of payment methods such as cash, credit, and debit cards.

The major key takeaways from promotional decisions are to increase brand awareness, build consumer loyalty, as well as generate sales for the company. There are five common types of promotions that marketers can use, personal selling, advertising, direct marketing, and sales promotion. Peer-to-peer payments capitalize on sales promotion to gain consumers. “A sales promotion is a marketing strategy in which a business uses a temporary campaign or offer to increase interest or demand in its product or services" (Kelwig). As P2P payments continue to have an increasing impact on consumer decisions and spending behavior, P2P payment methods have begun to make a name for themselves among e-commerce platforms. While many companies and online retailers have yet to make the jump to include P2P payment methods as an optional form of payment, this alone can be a significant promotional offer in gaining more traction for both the P2P payment application, as well as for the online retailer. A potential sales promotion tactic that may be used in incorporating P2P payment methods into e-commerce platforms is rewarding customers. For example, Venmo offers $10 for new users when signing up for the platform (Venmo HelpCenter). This same concept can be applied when customers use their P2P payment method on e-commerce sites for the first time. This will incentivize consumers to shop at the online store and use P2P payment methods because of the dual benefits that will be offered. Implementing such promotional tactics will also increase people’s use of P2P payment methods when purchasing goods and services.

Peer-to-peer payment method's emergence into various payment method options has created a new trend to be of interest to marketers, and various marketing decisions. P2P applications have a skewed age demographic in that younger individuals are more likely to utilize P2P applications in comparison to an older demographic (Statistica, 2018). This information can be of interest to marketers working for companies that also have a younger target market/demographic, or attempting to expand their consumer base to younger individuals. Marketers can make the jump to include P2P payment methods to attract and maintain younger (18-24-year-old) consumers. Based on our research, one of the most common attractions of P2P payment options is the overall convenience of the service. Marketers should be interested in these findings as convenience influences consumers’ willingness to purchase products and services, “although consumers said that price and quality were the most important factors when making a purchase, 52% said that half or more of their purchases are influenced by convenience” (SmartInsights, 2020). With the implementation of P2P payment methods on e-commerce sites, consumers will not have to take the time and effort to supply their banking information, including a whole new level of ease and convenience for the shopper. Marketers should then consider the benefits of including P2P payment options in order to properly market their products to the desired target market, as well as create a more enjoyable and convenient user experience for the consumer, influencing their overall willingness to buy products and services.

Behavioral Insight

Context is a huge overarching idea that can depend on the situation, the price of the goods or services, the choices that are being offered, and so much more, which can all play a big role in how a consumer decides on which method of payment to use. The differences between contexts can be much greater than the difference between products. The products may not change, but depending on the consumer, how they choose to pay will. The superiority that P2P payments have, such as the high degree of usability, engages more consumers to use this method of payment, especially among friends and family. Based on our survey, 86.6% of respondents state that they use P2P payments when paying back friends (Appendix A, Figure). P2P payments focus on the relative advantage over other forms of payment such as credit cards, debit cards, or cash in social situations. Cash is quickly becoming outdated in the wake of more digital forms of payment, pushed by the usage of credit and debit cards. “As electronic payment methods become more widespread, the move away from cash is building steam. In the global scheme of things, the US is well placed among countries going cashless” (Mercadante). Even though credit and debit cards are more commonly used today, amongst the younger generations, P2P payments are quickly gaining attraction. For younger generations, group purchases are much more common, such as splitting the bill when going out. “Millennials use P2P payment apps to pay for food and drinks almost 3x more than older generations, potentially indicating a generational shift in how people split bills” (Panko, 2018). While paying back friends and family was the main reason for P2P payment methods, 43.4% of respondents use P2P payments to pay for products or services (Appendix A, Figure 1.10). While these are two instances of situations where P2P payments can be used, there are many other occurrences where this method is exercised as payment.

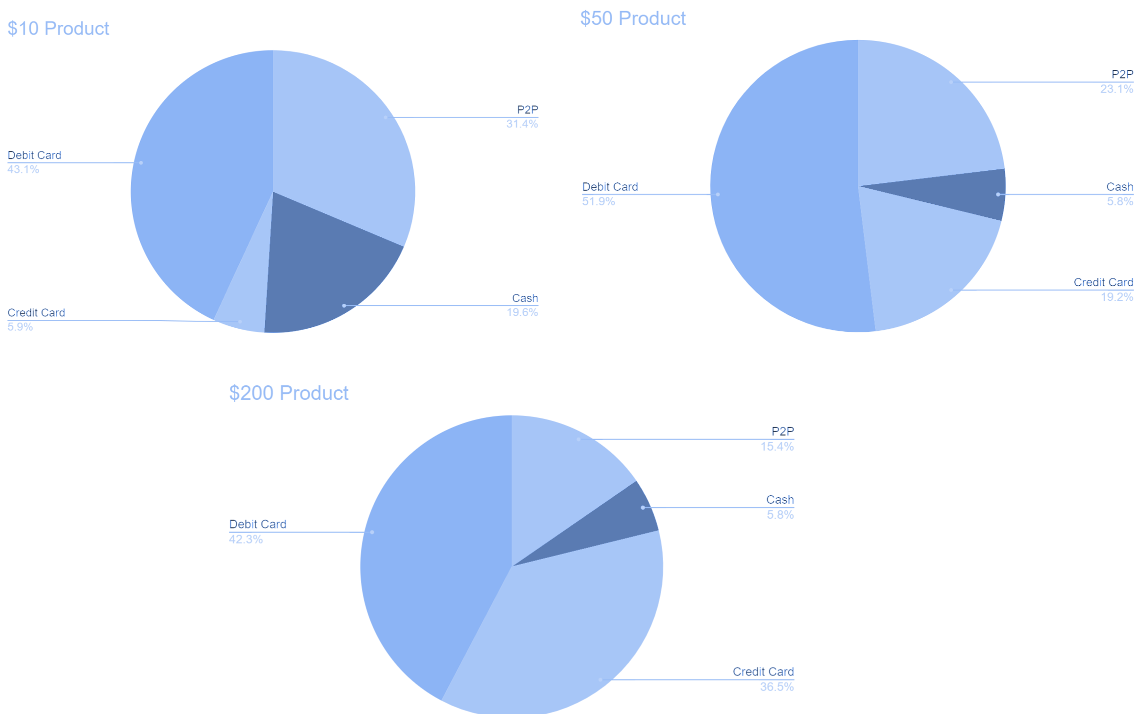


(Figure 1.9 - 1.15)

Other forms of context can also appear in demographics, such as age, employment status, lifestyle, etc. Context doesn't necessarily have to be the situation the consumer is in. Consumers create context-based on themselves. As the emergence of P2P payments is becoming more prevalent, younger generations are finding it easier to use or switch to this payment method compared to older generations. In 2018, it was reported that 65% of 18-24-year-olds used P2P payments. With other age categories usage decreased as they got older (Statistica, 2018). Since P2P payments haven't been around as long as other payment forms, age can affect how it is implemented in one's life, influencing cognitive biases.

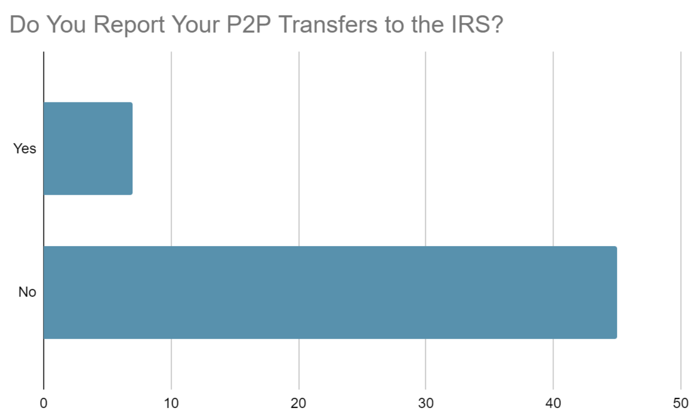
A cognitive bias is a systematic error in thinking that occurs when people are processing and interpreting information in the world around them and affects the decisions and judgments that they make (Cherry, 2020). Other forms of payment such as cash, credit, and debit card have been around for much longer, with more rules and regulations in place to make sure the consumer is getting the best experience possible with little to no hassle. Just like P2P payments, credit and debit cards were once the latest forms of money, a change that people had a hard time adapting to. Now that credit cards and debit cards are the norms, it's easy to stick with habits rather than change them for something unknown. Older generations' perceptions are harder to break through because their habits have been amassed over the years. While people still experience issues when it comes to more traditional forms of payment, there are still more safety measures, precautions, and ways to receive help when something goes wrong in comparison to P2P payment methods. In our survey regarding P2P payments, 24 out of 52 respondents stated that they experienced issues with P2P payment apps, likely pushing more consumers away. For consumers, it's not ideal to change to something that could potentially be riskier for them. Consumers would rather stick with more traditional and widely accepted forms of payment, especially with something as valuable as their finances. While most consumers would choose what they are used to, and adhere to conventional standards, there are always those that will take a risk to try something new and more modernly advanced. These are the people that P2P payment methods are trying to capture. As P2P payment methods gain more popularity and attraction from these more risk-tolerant consumers, this payment form will be implemented and more concrete into society, allowing them to expand and grow, forcing laws and regulations to keep up with the advancement of digitized payment methods.

Bargain hunting is an example of how people's brains arrive at different conclusions based on the same information. Bargain hunting is when a person looks for a place to buy something at a price that is cheaper than usual. There are instances where someone would be willing to pay for an item because it is so cheap, while it might push away other consumers. According to our primary research, people are more likely to use P2P payment methods on smaller amounts than they are with larger dollar amounts. Further, relativity plays into how the size of the purchase impacts how consumers pay for products. According to the results of the survey testing P2P payments, when asked what their preferred method of payment was when purchasing a $10 item 30.2% of respondents selected P2P payments, while only 15.1% of respondents selected P2P as a preferred method of payment when purchasing a $200 item (Appendix A, Figure 1.25/1.26). While people are willing to spend an average of $1,213 at one time when using P2P payment methods, more traditional banking methods (credit and debit cards) are preferred over P2P methods and cash when making larger purchases. P2P payment method platforms continue to grow, "In 2020, digital wallet usage in e-commerce increased by 23.7% year-over-year, accounting for 29.8% of all e-commerce transactions in the United States (Steele & Holmes, 2021). With the continuous growth of P2P payment methods, various opportunities follow suit. Based on the information gathered from our survey, it would be beneficial for stores known for their bargain prices, like Walmart, Target, and TJX stores to include P2P payment options as individuals will be more inclined to purchase those items with P2P payment methods. More people prefer to use P2P payment methods on lower priced items, therefore when taking into account relativity, bargain stores and bargain hunters would be a great place when emerging P2P payment methods into large businesses and various retail locations.



(Figure 1.24-1.26)

Loss aversion refers to people's preference to avoid losing rather than acquiring equivalent gains. This is an interesting concept when considering if different payment methods impact people's perception of losing when spending money. According to an industry study, "Consumers will spend up to 83% more when using a card vs cash", spending money using a debit/credit card diminishes the feeling of loss as there is no physical loss. (SHIFT, 2021). The same can be said with P2P payments as instead of putting a card into a machine the user only needs to press a few buttons on a screen, assuming the user has used the application before and the bank information has already been saved. According to our studies only 7 of the 52 respondents report their P2P transfers to the IRS, this brings us to believe that people do not perceive spending or receiving payments through P2P applications as having the same monetary value as other payment methods (Appendix A, Figure 1.34). This concept of loss aversion can be further supported through the results of the second survey; respondents were asked to rate on a scale of 1 to 5 (1= strongly disagree, 5= strongly agree) if they feel upset when spending money using various forms of payment (credit card, debit card, cash, and Venmo). Among the 36 respondents, Venmo had the lowest average in comparison to the other tested payment methods of 2.22, while individuals experienced the most loss when using a credit card with an average rating of 3.11 (Appendix B, Figure 2.9). This information proves that individuals experience less of a loss when using Venmo in comparison to other forms of payment. Therefore, based on loss aversion in which people prefer to avoid losing, people would be more inclined to make financial transactions using Venmo and other P2P applications because it entails less of a psychological loss than other payment methods. Another interesting point of why people experience less of a loss when using Venmo is whether or not users view their Venmo balance as real money. When asked, “When you use Venmo, does it feel like you are using real money?” 37.8% of the respondents selected no (Appendix B, Figure 1.34). People’s perception of what is “real money” has an impact on the feeling of loss when spending money. With the evidence of both surveys the majority of P2P users experience less of a loss when using P2P applications, therefore introducing P2P payment methods into the marketplace will be extremely beneficial in that people will be more inclined to make purchases because people experience less of a loss when using such applications.



(Figure 1.34)

Consumer Behavior Concepts

When analyzing the consumer decision-making process as it relates to P2P payment methods, it is important to understand why many people choose to use these types of payment methods. First and foremost, they are much more accessible than sending someone money through traditional means. For example, if the individual who is being sent money is not close or there is no cash in hand, P2P payments' convenience and accessibility truly shine. In our survey results, 86.8% of respondents said that they used P2P payment methods to pay back friends (for food, gas, rent, etc.) (Appendix A, Figure 1.9). This suggests that these types of transactions are predominantly used to carry out quick, low-stakes exchanges. Additionally, when we asked respondents to say what the maximum amount of money they would be willing to exchange was, the general trend was around the $500 mark. This indicates that people are in general not interested in using P2P payment methods to make large purchases, which backs up the prior assertion that these payment methods are predominantly used for smaller, less important transactions.

What motivates consumers to use P2P payment methods, based on our findings, seems to be convenience, simplicity, and quick practicality. From these findings, we can determine that, in general, deciding to use a P2P payment method would be seen as a system 1 consumer decision. Based on our survey findings, the majority of our sample learned about P2P applications from friends and family members. This type of advertising is known as "word of mouth" advertising, or "WOM". Word of Mouth is widely considered to be one of the most effective forms of advertising. In her article *Understanding the Power of Word-of-Mouth*, Brazilian marketing graduate Suzana Z Gildin states that "...when a friend makes a recommendation, he is basically responding to questions and therefore, people pay more attention to it because it is perceived as a more relevant and a more complete form of communication."(Gildin, 2002) People are sooner going to trust a peer recommendation than an open advertisement, as individuals in their own lives are going to have an easier time persuading them to adopt the service, as opposed to traditional advertisements.

Many people may not know about or understand P2P payment methods, so it is crucial for these types of services to have a clear and effective way of leading people to adopt them. Reliance on WOM allows the brand to be communicated more clearly than a traditional advertisement. In a traditional advertisement scenario, there is little to no interaction with the advertisement on the part of the potential consumer. In the scenario of WOM communication of a brand, however, the existing customer communicating with the potential customer may bring the service up casually during the conversation, and spend the conversation convincing the potential customer to adopt the service. This is what is known as *persuasion*, and it is the ultimate goal for the marketer to persuade the consumer to adopt the product or service. The goal of persuasion is to shift the consumer's perspective on the product, thus "changing their attitude" towards it. What makes WOM so desirable is that it not only delegates the duty of communicating the brand to consumers into the hands of people outside of the marketer, it allows for a more in-depth exploration of the brand on the part of the potential customer. A static advertisement can only anticipate some of what a consumer might think about the brand, whereas a peer of the consumer will be able to respond to the questions and concerns of the consumer, based on their experiences with the brand itself.

A common scenario faced in day-to-day life for consumers is paying back someone for something that they purchased on another person's behalf. From our own experiences, we tend to pay friends back most often when they buy food for us, drive us places, or allow us to borrow their belongings. A common response from the respondents was that they would additionally use P2P payment methods as a way to pay back roommates for rent. These findings suggest that most use of P2P payment methods comes out of necessity. If one's friends ask them for reimbursement on a particular P2P payment app, they may download that particular app and begin using it.

Some companies do accept payment through methods such as PayPal(arguably the most widely used of all P2P payment methods), to make transactions for goods and services, though, additionally because P2P payment methods may prove to be more secure, as they do not entail an online retailer being given an individual's credit card information. When it comes to the overall process behind consumers deciding to use P2P payment methods, the influence of WOM and the desire for privacy are undoubtedly among the most pressing factors.

When considering the overall decision-making process, P2P payment sources allow for much easier and quicker decisions to be made by the consumer. When talking about consumer behavior, the general model of decision making goes: Problem Recognition, Search Process, Evaluating Alternatives, Selection of options, and Post-decision Evaluation. While the decision to use P2P payment applications isn't a traditional type of purchase decision, it is a type of a decision, and consumers have to go through the same evaluative steps. In this case, the problem recognition is a recognition of the need to pay friends or family members, the search process is finding which P2P apps exist, the evaluation of alternatives is finding which application would best allow one to pay their friends and family, the selection would be the ultimate decision, and then post-decision evaluation would be the consideration of whether or not this was the best option to use, which may lead to a subsequent decision on the part of the consumer.

Economic Based Pricing Considerations and Price Planning Process

The Covid-19 pandemic was a huge turning point that allowed various services to prevail in saturated markets. One of these services was P2P payment networks such as Venmo and Zelle. During Covid-19, there was a considerable change in consumer payment behavior. After comparing payment behavior in 2019, we see that consumers had shifted quite a few of their purchases from in-person to online. In 2021, a study was published by the Cash Product Office of the Federal Reserve which found that only 19% of all payments used cash. This is down seven percentage points from 2019 (Diary of Consumer Payment Choice, 2021). During this same time, there was a rise in P2P payment networks. These changes are consistent with what we expected, as fewer people were able to shop in person to exchange paper currency during the pandemic. From 2019 to 2021, we saw a rise in electronic P2P transactions, and research provided by the Federal Reserve Bank of Atlanta shows us that several months after the pandemic, these changes held strong and "certainly were not just temporary shifts" (Greene, 2021). This provides us valuable insights as marketers to better understand where the industry is headed and how these new platforms are changing long-term consumer behavior.

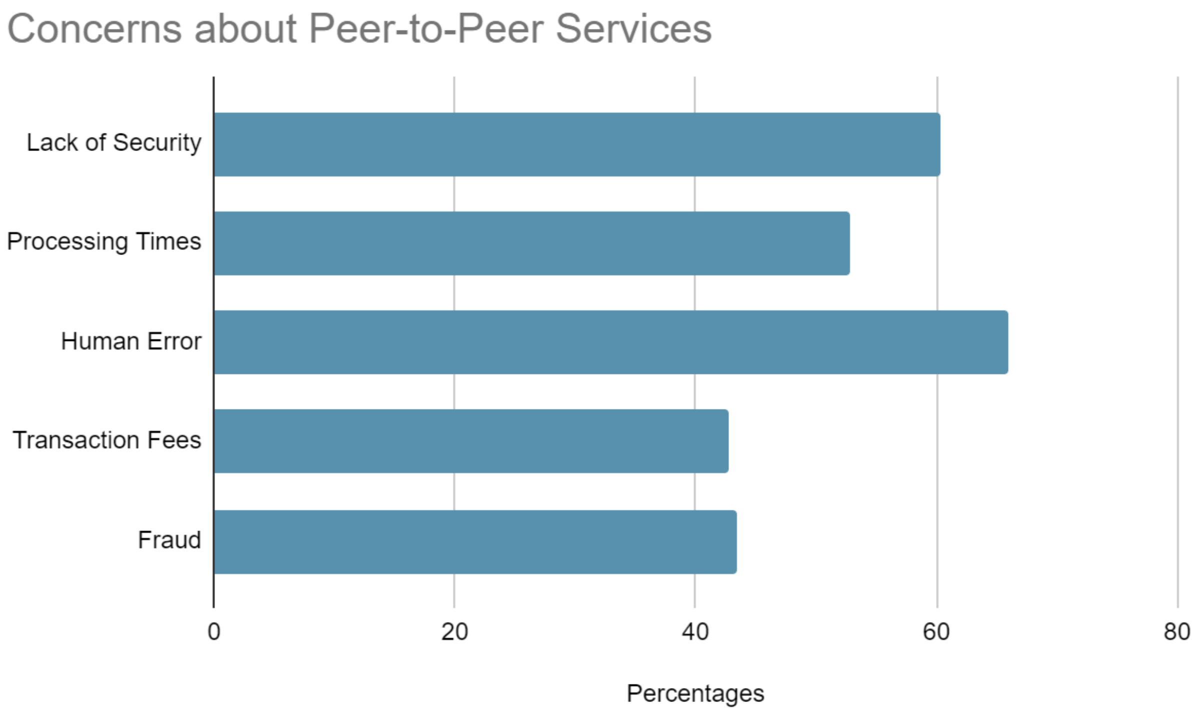
Nearly every business was forced to reassess how they operate and quickly adjust to a rapidly changing economy. Because people were restricted from going outside due to the mandates and regulations imposed by the CDC, digitized platforms were forced to become the new norm. Ease of access was more important than ever in business and consumer relationships. Even older consumers, who are usually hesitant to technological change, learned to adapt to these modern payment services and utilize them to send money. This led to a large increase in the use of P2P payments both in the hands of the consumer and to make purchases. As mentioned in the Brief History of Peer-to-Peer Payments section, this increase was not temporary. In 2021, usage of these payment services increased by roughly 37% and they're predicted to continue increasing this year (Allison, 2019).

Because of this increase in usage, P2P payment companies also found ways to make their processes even easier. Many, including Venmo and PayPal, introduced debit and credit cards which made the services further resemble banks but without additional transaction fees. Small businesses during this time took this as an opportunity to use P2P payment methods to minimize sales friction and decrease the fees required to use card payments. They found that offering their consumers a wide variety of payment methods, including popular P2P payment methods, reduces friction points, improves the customer experience, and decreases transaction costs associated with payment transfers through traditional banking methods. In 2019, credit card fees reportedly accounted for 1-2 months of rent for some individuals. (Allison, 2019) By lessening the necessity for these fees, consumers were more willing to adapt to these services.

Ethical Implications

Although many consumers use P2P payments on an everyday basis, several ethical implications can arise. According to a financial policy analyst for Consumer Report, “Some of the same qualities that make P2P services so appealing to consumers–speed and convenience–also expose them to significant risks that users should take seriously and that both P2P service providers and government regulators should do more to mitigate.” (Blanco, 2021) It’s extremely difficult to get money back if it is sent to the wrong person, as they must approve the transfer. Out of 52 respondents, 24 of them said they’ve experienced issues with P2P payments ranging from fraud to human error (Appendix A, Figure 28). We decided to break down several ethical issues that may reside in the use of P2P payments and analyze how they affect the consumers' usage.

Fraud is defined as wrongful or criminal deception that results in personal or financial gain (Capital One, 2022). Our survey showed that 23 out of 52 respondents were concerned about fraud when using a P2P service (Appendix A, Figure 33). Many consumers fear fraudulent activity due to the limited regulations of payments in these services. In the first quarter of 2018, Venmo reported a financial loss of 40 million dollars (PYMNTS, 2019). A big portion of this loss was due to fraudulent transactions which had increased exponentially within those months. The main scenario users have faced are unauthorized electronic fund transfers. These occur when money leaves a person's account when they weren’t the person to authorize it. This can be the result of a hacked account, a compromised card number, or a stolen device. Scams are also a relatively common occurrence in P2P services. They happen when a person is tricked into approving a payment. Types of scams include seller scams, buyer scams, and money mule scams. Seller scams happen when a person purchases tickets or other items from someone online and never receives those items after already paying. Buyer scams occur when a scammer overpays for something a person is selling and then refunds the difference, bouncing the check. Finally, money mule scams are when scammers send illegal money and ask the person to send that money to another person, covering their illegal activity. Because of the lack of laws and regulations within many of these P2P services, there’s no real protection or security if a person were to fall victim to fraud or scams.



(Figures 1.29-1.33)

Another issue that users of P2P services face is the lack of security. The ease of these services and the speed at which a person can send money to one another create risks to the security of transfers. A study from Consumer Report states that almost all services are working to increase security, but there's much more they could be doing (Blanco, 2021). Apps like Venmo, CashApp, and Facebook Payments don't require any type of password or pin to send money, meaning that as long as a person has access to the device, they can send money to anyone. In the survey we sent out, 60% of our respondents suggested they were concerned about the lack of security within these services (Appendix A, Figure 29). Humans aren't perfect. Oftentimes, they make mistakes. On Venmo for example, the option to request money and send money are right next to each other. So human error is bound to happen. A total of 66% of our respondents said they were concerned about human error when using P2P services (Appendix A, Figure 30). On most of these services, if a person accidentally sends money to the wrong person, it's extremely difficult to get it back. The article from Consumer Report says, "Some P2P apps will try to mediate a dispute, but they won't reimburse money if they can't negotiate a refund from the other party. (Blanco, 2021)" Companies behind these services should decrease the ease of payment if it means a more secure system where fewer errors can occur.

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Focusing on Venmo

One of the many technological, digitized forms of payment is Venmo, one of the most popular peer-to-peer payment methods. In this upcoming section, we will go through an analysis of Venmo as a whole, their target market, branding strategy and distribution, advertising and promotion strategy, as well as their pricing strategy. Next, we will dive into, behaviorals insights, consumer behaviors, and the ethical implications surrounding Venmo. Their strengths and weaknesses will be defined with recommendations that can be implemented to reach a larger demographic and sustain a profit.

Analysis of Venmo

Target Market

Based on a study conducted by BigCommerce.com, people in the age group of 25-34 make up a plurality of Venmo's user base (BigCommerce). Of these individuals, Verto Analytics estimates that the individuals who use the app are 60% men and 40% women (Verto Analytics). Based on these statistics, we can assume that the ideal target market for Venmo is adult males under the age of 35. This is a simple reduction of complex statistics, but it gives us a good idea of who Venmo is trying to sell its service to. This target market suggests that the people who are most likely to use Venmo are people who are more technologically savvy than others. Younger individuals tend to have a greater awareness of how to utilize modern technology than older individuals, which gives a good idea of why Venmo's utilization is so low among people aged 35 and up. As for the gender divide, there isn't as clear of an explanation. Venmo appealing to younger demographics is not at all surprising, and it makes sense for Venmo to focus on that particular group. Venmo gets most of its new users through word-of-mouth marketing (Synthesio). This is achieved contextually, usually when an individual is faced with a situation where they need to make a purchase or accept a payment, where a peer of theirs will inform them about the app's existence and utility (Edgeworth, 2018). Venmo operates mainly through WOM, so it makes sense that, if younger individuals have a higher amount of utility with the application, they would spread the information about the app's existence to their peers, and other young adults. This has served Venmo well as, through this simple strategy of word-of-mouth marketing, the company has surpassed $1 billion in monthly payments volume in 2018 (Paypal).

Branding Strategy

Venmo has taken a fascinating approach to peer-to-peer transactions and how they are differentiating themselves in the marketplace. Venmo's branding strategy plays on the idea that "the friends you Venmo are your true friends, the ones you actually hang out with, comprising a much smaller group than your connections on social platforms like Facebook and Instagram" (Kasia Leyden). Venmo does a great job taking this concept and setting up their entire platform to capitalize on word of mouth and using it in their primary marketing and branding strategy. The user base that Venmo has built not only promotes word of mouth but can socially penalize someone for not using their platform. "Just Venmo me" is a common millennial expression heard at restaurants after a large group meal, when it's easier to give one credit card with the check and figure out the money owed later" (Panko). This normalized group payment practice works to create infinite referrals of close friends and family through the use of basic word of mouth. Not only does the company leverage word to mouth marketing, but it also creates a superior product that's highly convenient, free, and easily replaces cash between friends and family. On top of this Venmo created a user experience that acts as a social platform all on its own where the user is forced to write a caption or send an emoji for every transaction. This social feed brings transparency to many transactions that would typically be private. This social aspect of the platform is not like Facebook or Instagram but instead acts as a public social ledger. This feed creates social proof and makes the platform much more than just a payment transaction; it's an experience for people to engage with and partake in. This social feed is not just a fun thing Venmo added to their platform. It directly plays into their long-term strategy. In the coming years, Venmo plans to expand to more retail stores and facilitate more transactions between B2C.

Venmo has realized that this feed is a great place to advertise. Venmo found that many businesses are spending huge amounts of money trying to get customers to like, follow and share their purchases with friends and family to get their peers to make a purchase. But with Venmo's platform, people can instantly see what you bought and where or who you bought it from. For example, if you bought a pair of sneakers from Nike with Venmo your friends might see where you bought your shoes from. This leverages word-of-mouth advertising for many other brands besides their own, and they know that large retailers would gladly pay to have this organic word to mouth exposure (Pinsker, 2017). Overall, Venmo's brand strategy is much more complex than one might think and strategically uses every part of its brand's image and user experience to fuel its rapid growth.

Venmo has become one of the largest peer-to-peer payments apps, as more consumers became users. The app is not only free to download on any smartphone, but also free to use, minus the banking transaction fees. As stated previously, Venmo gained popularity through word of mouth, social media, and networking amongst peers. At first, Venmo had little to no attraction, but with aggressive marketing in 2015, with Paypal announcing the slogan, “Pay with Venmo,” more and more people became aware and interested in the service. “The timing for this campaign perfectly aligned with an economy where cash is slowly becoming obsolete, and people are less inclined to write checks or visit the ATM” (Bloomenthal). In a technology-based society with the majority of consumers having smartphones, mobile phone apps, such as Venmo, makes lives easier and more convenient, drawing lots of attention and attraction, especially for younger generations. Venmo and many other peer-to-peer payment apps have the potential to replace older, traditional ways of handling money. “Like all payment technologies, these mobile payment transactions support different kinds of experiences that shape how we communicate, work, and move through commodified infrastructures” (Acker & Murthy).

Pricing

The price points offered through Venmo’s services is one of many attractive features held by the P2P payment method. Venmo claims to minimize or eliminate fees wherever it can, which is one of many reasons Venmo and other P2P payment methods usage among individuals has skyrocketed since their establishment, particularly within the last decade. Venmo’s current pricing tactics rely on the psychology of free. When working through the webpage to sign up for a Venmo account the user is reassured with their decision when they are shown in large font that, “it costs nothing to send or receive money using what’s in your Venmo account or bank account” (Venmo, n.d.). In addition, there is no cost to open an account, no monthly fee, no fee for online purchases, no fee to receive money from users and merchants, and no fee for standard electronic withdrawal (Venmo, n.d.). With these implications in place, consumers have the option to not spend any of their money when using the application. While consumers do not need to spend money there are instances in which fees are incurred through consumer usage; users have the option of electronically withdrawing funds using the standard or instant feature. The standard feature is free and takes one to three business days to transfer into the user's bank account, while an instant transfer requires a 1.75% fee with a minimum fee of $0.25 and a maximum fee of $25. This instant transfer fee is effective May 23, 2022, to which the transfer fee is increasing by .25%, and the maximum fee is increasing by $10. According to Chris Anderson, “charging a price…creates a mental barrier that most people won’t bother crossing. Free, in contrast, speeds right past that decision, increasing the number of people who will try something" (Free The culture of a radical price, 61). Therefore, as mentioned, Venmo being a "free" service is the perfect tactic to attract new consumers to use the product. With more people becoming users of the P2P application, the more likely people will succumb to paying for the instant electronic withdrawal option, bringing in more money for the company. Making the service free allows Venmo to have a competitive advantage over more traditional banking systems which incur withdrawal fees, transfer fees, and often time fees to open and maintain an account. Venmo is utilizing individuals' gravitation to free things to their advantage to influence the transition of people using P2P payment applications over traditional banking options.

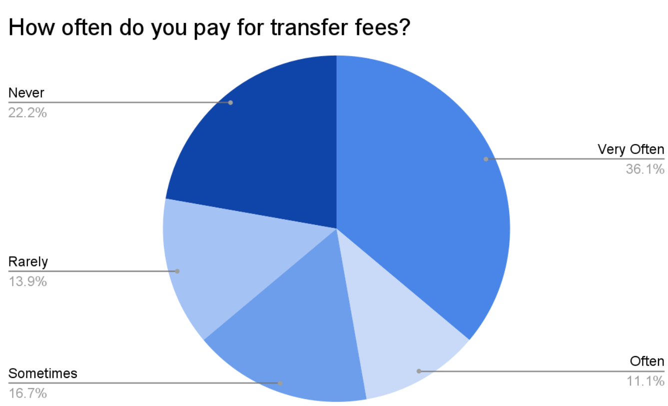
One weakness of Venmo when comparing its services to its main competitor, traditional banking methods, is that users do not earn interest on their Venmo balance. When using debit cards one can still argue the convenience of using card payments with another level of convenience added to the use of debit cards since the implementation of digital wallets onto smartphones, in which users can sync their card to their mobile phone and use the tap function at point-of-sale systems to make financial transactions (Kagan, 2022). With traditional banking options making strides toward being more convenient to users, P2P payment methods like Venmo may have to consider how to attract more consumers to P2P payment methods instead of traditional banking methods. In order to address these potential weaknesses, it is recommended to include some sort of interest or reward program for individuals with a Venmo balance. For example, individuals may have to have the funds in the account for a certain period of time in order for the interest to be applied to their account. This will allow a smoother transition for individuals moving from traditional banking methods to P2P payments while adding another competitive edge to their application in comparison to other P2P payment methods.

Advertising and Promotion Strategy

Venmo's main strategy of advertising and promoting its service is through word-of-mouth promotion. 92% of consumers prefer and trust brand recommendations from friends or family over advertisements, with word-of-mouth generating two times more sales than paid advertising campaigns (Liam, 2020). In group settings, it's common that a person will suggest that they cover a bill or the cost of groceries and request that everyone else Venmo's them. If a person within that group doesn't currently have Venmo, they can clearly see the ease at which others can send the money owed to that other person and be more inclined to sign-up with the service. By including the ability to see what others are paying for and requiring a description by the user, Venmo also works as a social network. This further encourages a person within a group to use the service by making moving money between friends more fun (Edgeworth, 2018). Because this word-of-mouth is typically tailored to teenagers and young adults who more regularly use social media, Venmo needed a way to promote its service to an older generation. In 2016, they introduced their first major ad campaign geared towards millennials. This ad campaign depicted a group of people arguing about who has to pay who back, resulting in an awkward and unhappy end to a night (Kirkpatrick, 2016). But with Venmo, users can easily request money owed from each other, avoiding these awkward situations. Older generations are usually more hesitant to adapt to new technologies, but by promoting the ease of Venmo transactions, these consumers can see the benefits and may be more likely to give Venmo a chance. Venmo has also experimented with buzz-generating outdoor campaigns. This included the "blank me" campaign, furthering the social aspect of the service by making the phrase “Venmo me” more common (PYMNTS, 2017).

Strategic Pricing

As mentioned previously, consumers’ ability to utilize the functions of Venmo at no cost has been one of the main features that have enabled Venmo to gain momentum within the marketplace and become one of the most commonly used P2P payment method applications. The only significant charge incurred when using Venmo is the instant transfer fee of 1.75%, with a minimum charge of $0.25 and a maximum fee of $25 (Venmo, n.d). It is important to note that there is a free transfer option, allowing consumers to choose to be charged or not. Venmo’s pricing model is unlike any other in that they combine both freemium and usage-based pricing models. Venmo can be referred to as a freemium service because they provide a base-free service through the standard transfer service (1-3 business days) option and a premium service of instant transfer through a small fee incurred by the user. “Usage-based pricing allows customers to pay for products according to how much they use or consume it,” this is synonymous with Venmo’s pricing model in that Venmo allows users to choose when they pay for instant transfer fees (Poyar, 2021). To increase profits we believe it would be beneficial for Venmo to expand its current freemium model and offer a defined premium subscription service. Those who subscribe to Venmo’s premium service will be charged a recurring monthly fee to have unlimited access to the instant transfer service option. Users who are not subscribed to the premium service will still have access to the option of standard or instant transfer fees. Subscribed users will truly benefit from this premium plan as they will not have to choose between services, instantly transferring funds into their account at a discounted price. The goal of this strategic freemium pricing implementation is to incentivize more users to use the instant transfer fee service through the premium subscription plan. Based on the results of our second survey, 36.1% of the respondents pay for instant transfer fees very often, while 8% never pay for instant transfer fees (Appendix B, Figure 2.15). Those who rarely or never pay for instant transfers will be more inclined to pay for the subscription fee due to its discounted price, increasing the number of users paying for Venmo’s services, and subsequently increasing overall profits for the company.



(*Figure 2.15)*

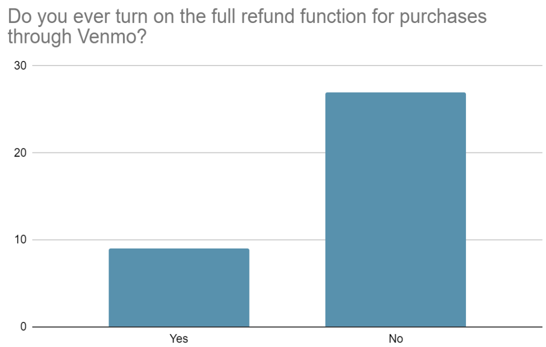
Behavioral Insight

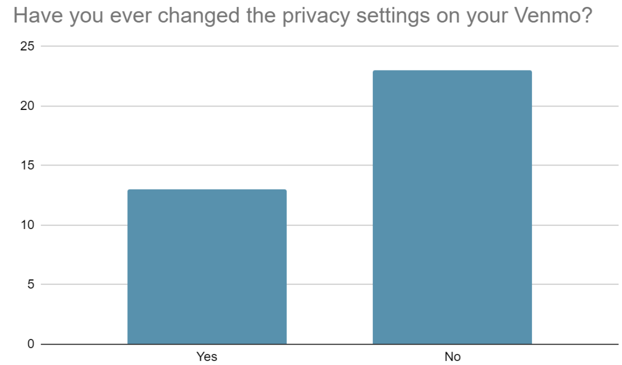
Reciprocity

Many behavioral economic concepts have contributed to the success of Venmo. One of which has been that Venmo has allowed for the effect of reciprocity to flow and contribute to the marketplace. When an individual gives another person something, that person then feels a social pressure to return the favor, this response is called reciprocity. Many people experience reciprocation anxiety, which involves the “avoidance of favors/help/compliments and of feeling the need to reciprocate these things… and distress of being able to reciprocate” (Jarrett, 2018). Venmo works toward subsiding the potential feeling of reciprocity anxiety by making reciprocity between individuals extremely easy and convenient. A study conducted by Xiling Xiong at Zhejiang University tested an individual's reciprocity anxiety and according to the study, a large majority of those tested admitted that when they receive favors they worry about how they are going to repay them (Xiong, 2018). Venmo’s features that contribute to their convenience including the Venmo’s QR code and contact syncing feature allow for repayments and acts of reciprocity to be conducted with ease, eliminating the feeling of reciprocity anxiety for individuals. The convenient features implemented into the Venmo application service will also increase the number of acts of reciprocity, as the action of responding to favors has become much more accessible through P2P payment applications and subsequently increasing the amount of money in circulation. When asked how individuals utilize Venmo’s functions, 97.22% of respondents use the application to pay back their peers (Appendix B, Figure 2.5). Venmo has played on the influence reciprocity has on the success of their application, for example, one Venmo advertisement reads “together there’s nothing we can’t split” (Johnson, 2016). Venmo has excelled in making paying back friends and even asking for money much more socially acceptable by removing the discomfort of asking another person for money. Rather, users are able to send their friends a request for the portion of their dinner bill, completely avoiding any unnecessary or unwanted interaction. Reciprocity impacts everyone, and it is extremely beneficial that Venmo alone can work to solve that problem. Venmo should continue to highlight the convenience of sending money to other people when using the application.

Psychology

The psychological behaviors and emotions surrounding Venmo are extremely mixed, from those that state they love the P2P payment app to others stating it’s an invasion of privacy. As stated before, context plays a huge role in the usage of P2P payment apps. Relatively, younger generations are more desensitized to the adaptation of digital payment methods compared to older generations, growing up in a society where nothing is truly private. “As a generation that has grown up in the digital age, young people are inherently more tech-driven than previous generations. That said, it’s obvious that they then are more favorably drawn towards tech-driven industries and services” (Finance Tips). In our Venmo survey, 73% (27 out of 37) of our respondents state they don’t even use the full refund function when sending money over Venmo and 63% of respondents also state that they have not changed the privacy settings on their Venmo account, allowing their transactions to be public.





(Figure 2.13) *(Figure 2.14)*

For the younger generations that grew up displaying their livelihoods on social media, a concept like Venmo, where people can view others' transactions, is nothing new. Kayla Sredni, a strategist at R/GA states, "Privacy is less of a concern for this generation because they expect and demand customization and personalization." There are many social norms surrounding the issues of privacy, especially when it comes to the digitization of almost everything. Those that grew up in the age of advanced technology are seeking and altering how technology can benefit them faster and easier through the personalization and customization of algorithms rather than worrying about privacy. These consumers don't mind the usage of their information, as long as they receive benefits from it as well. "Venmo was also the first app to personalize peer-to-peer payments. How so? Users can send a message with their payments (that can be made private or public to friends), which often include an array of emojis and funny notes to friends and family" (Estay). In many ways, Venmo has made sending money back and forth much simpler, easing younger people into the world of finances. In comparison, those that grew up before or around the emergence of social media and the rise of technological advancements have a harder time adapting to the idea, set in more traditional ways where finances are usually viewed much more privately.

Older generations are slower to adapt to P2P payment methods, having pre-formed negative thoughts and behaviors surrounding these methods because they are much different than what they are used to. Previously stated, one of Venmo's biggest weaknesses is gaining a larger demographic, some of which can be due to the negative connotations surrounding the idea of privacy. Venmo doesn't have the strongest reputation with older generations. In an editorial chat room from the Quartz, employees of different ages talk about their opinions of P2P payment methods, specifically Venmo. Younger employees like user Zach.wf state, "I actually think these apps are the greatest things ever. I use Venmo several times a week, for typical things like splitting checks, but also splitting bills with my roommates etc." Other users who tend to be older, like heatherlandy, state, "omg, it's not bad enough that I have to know that the girl i used to sit next to in social studies just took her 4-year-old to the dentist, now I have to know that one of you paid your roommate for the phone bill??? people, you are just GIVING your privacy away! about sensitive things like money! we all need to have a big talk soon…" The chat proceeds to go on, back and forth, with younger employees advocating for P2P apps like Venmo, while older employees counteract the idea with concerns about privacy and the idea of shaming others for not paying people back. Christine Bannon from Electronic Privacy Information Center states, "Venmo is an unusual app because it combines social media with financial transactions. One of those is usually fairly public and one is usually very private, so it's hard to gauge consumer expectations of privacy" (Solon).

Cognitive Bias

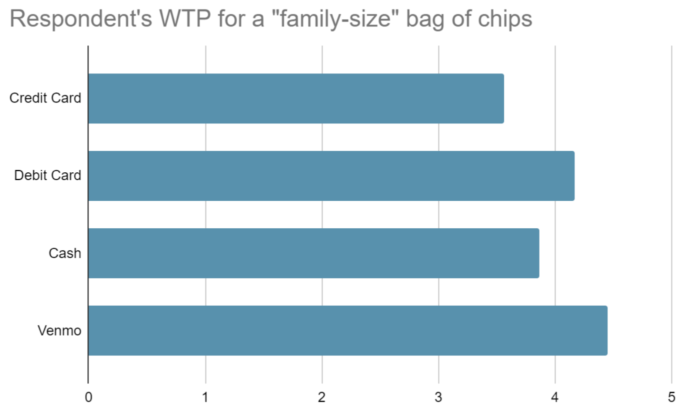
Both parties on each side display their own set of cognitive biases. The older generations' unwavering bias toward Venmo's privacy issue outweighs any idea of the positive advantages of the payment app and vice versa for the younger generation, the ease and convenience of digitized payments outweighing the negatives. "Attentional bias: This is the tendency to pay attention to some things while simultaneously ignoring others. For example, when making a decision on which car to buy, you may pay attention to the look and feel of the exterior and interior, but ignore the safety record and gas mileage" (Cherry, 2020) This subtle bias is consistently creeping in and influencing the way different people view Venmo, affecting the decisions and judgments that they make about this form of payment. Risk also plays a huge factor in using Venmo. As a payment form that is not as established as other forms, Venmo lacks regulations that have made other payment forms more concrete, but that doesn't stop many consumers from using and trusting Venmo with their private information. "...typically - young people are inherently less risk-averse than previous generations. They are more willing to take on higher risks in order to receive higher returns" (Bondora). For Venmo users, the high reward is the ease of use and satisfaction of convenience. As society progresses and implements more technological advancements, consumers are always looking for the fastest and easiest way to do something. Venmo significantly outweighs outdated forms of payment in a fast-paced world. They are willing to embrace the unknown, not shying away from changes and disruptive innovation.

To cater to the older demographic, ones that prefer the privacy and security of their banks, Venmo should create an affiliate brand. Creating an affiliate brand, through banking apps it would help solve the privacy and security issues that many older consumers have concerns about. It would not only help promote Venmo but make sure that banks are staying ahead of the curve and not dying out. "Roughly three in four Americans (76%) have used their primary bank's mobile app within the last year for everyday banking tasks like depositing checks or viewing statements and account balances, according to the Ipsos-Forbes Advisor U.S. Weekly Consumer Confidence Survey" (Strohm, 2021). With how often people spend time in their primary banking mobile app, the usage of P2P payment methods will be exposed to more consumers who aren't as familiar with them and the idea of using them. The affiliate brand would be interconnected with their primary banking app, but consumers would only be able to pay back Venmo requests with its own specific tab, making sure that it isn't taking away Venmo users who want the other features such as requesting. The affiliate brand would expose older generations to the idea of P2P payment apps in a positive way with the security that primary mobile banking apps provide. Once exposed to Venmo, it would help push them into using the app to receive the other benefits.

Consumer Behavior Concepts

Through our analysis, we determined that Venmo has a large impact on consumers willingness-to-pay. Our experiment showed that when comparing willingness to pay for a bag of chips between different payment methods, Venmo use resulted in the highest willingness-to-pay at $4.45 compared to the second highest, debit cards at $4.17 (Appendix B, Figure 2.16) . In an article written by Emily Kiernan, a study determined that when purchasing low-cost goods, consumers are willing to pay more through the use of Venmo than credit or debit cards (Kiernan, 2021). The article also states that spending money on Venmo feels "fake", making spending more feel less substantial. In our survey, 39% of respondents stated that using Venmo didn't feel like spending real money (Appendix B, Figure 2.10). Because cashing out of a Venmo balance to a bank account takes up to three days, people tend to keep a balance on the app. This keeps the Venmo funds separate from normal bank funds, creating a distinction between the two services (Munson, 2016). This relates to the concept of relativity. Because of the internal distinction between Venmo funds and normal bank funds, spending $20 out of the $40 sitting in a Venmo account doesn't hold as much weight as making a $20 purchase with a debit card. We view this as a strength in Venmo's strategy. By making Venmo funds feel like a separate entity from normal bank funds, users are likely to first consider if their Venmo funds cover a purchase before swiping their traditional banking cards. In addition, knowing that spending money from a Venmo account won't decrease bank funds, willingness-to-pay increases, given that they have enough money in their account to cover the transaction.

This willingness-to-pay further increases when using the Public setting of Venmo's social feed. Our survey results stated that 30% of respondents either sometimes or often scroll through the social feed (Appendix B, Figure 2.8). This relates to the concept of priming. Priming occurs when an individual's exposure to a certain stimulus influences his or her response to a subsequent stimulus, without any awareness of the connection. The article further suggests that if users are actively checking the social feed, this may prime users to spend more money (Kiernan, 2021). We believe that this is a strength in Venmo's strategy and that they should continue to promote the social feed. If a user is on the app and sees that others are buying pizza, they then may develop a craving for pizza, prompting them to use their Venmo funds to purchase one. This keeps users on the app, using their funds without necessarily acknowledging that they are spending money, which increases their willingness-to-pay.



(Figure 2.16)

Integration of E-Commerce

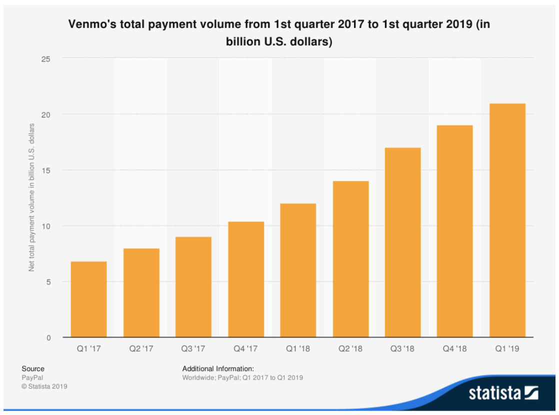
A major hurdle that Venmo needs to tackle is the integration of more businesses into their framework. Venmo needs to work on bringing more businesses on board with their payment structure, allowing consumers to use Venmo in more situations, as an alternative form of payment to cash, credit, and debit. Venmo does currently offer its own credit and debit cards, but those payment methods often require additional fees, and are only able to pull from an individual's existing Venmo balances. The ability to use Venmo for more regular purchases will allow Venmo to become a more widely used and understood method of payment, which will help the company reach more people.

Many companies suffer from cart abandonment, where consumers will fill their online shopping carts, but not complete the purchase. According to statista, 30% of users claimed that they abandoned their carts due to having to re-enter their payment information.
P2P services such as Venmo offer convenience, as they don't require additional logins. An increasing number of people have used Venmo in recent years, and Venmo's payment volume has increased steadily over the years.

(Estay)

By adopting Venmo as a form of payment for regular e-commerce, companies stay "ahead of the curve", and are able to keep younger customers, particularly millennials. The option to share purchases in social media feeds can also increase brand awareness, allowing organizations to reach new markets through the integration of Venmo (Estay).

In regards to expanding the current demographic statistics, a major step for Venmo needs to be repositioning its brand as a payment method for people of all ages. Older people tend to not have an awareness of P2P payment methods, as a result of a generational unawareness of digital alternatives to analog mediums, as well as skepticism on the security of these types of payment methods. Much of this can be accomplished by in-depth integration into e-commerce, as previously discussed. If Venmo incentivizes people to use its platform to make online purchases, more people will take an interest in the service. Other P2P payment methods, such as PayPal, make it much easier to complete purchases than entering a card number. If Venmo takes a page out of PayPal's book and pushes to be integrated more into e-commerce as a regular payment method, they will not only increase brand awareness, they will make it more convenient for consumers who have a Venmo account to complete transactions.



(Estay)

Ethical Implications

After exploring the ethical implications of P2P payment method applications, it is obvious that the greatest concern and weakness for Venmo are the overarching concerns regarding safety and fraud. When a transaction is carried out, often the sender has no way of knowing for sure if the recipient is the person they are intending to send money to. Unfortunately, there is no way to recover mistakenly transacted funds on Venmo. As the app is currently, a phone number or email confirmation is required to log on to the app, however, there is no form of visible verification when sending money to assure the sender that the recipient is who they think they are. As mentioned previously, there have been significant operating losses incurred by Venmo due to fraud-related issues, posing the need for a solution to address this substantial issue that Venmo continues to face. In order to address this issue of fraudulent activity, it is suggested for Venmo to create pop-up messages for new users disclosing how all profiles are public and the necessary steps to alter privacy settings. As previously stated in behavioral insights, based on the survey addressing Venmo very few respondents have changed their privacy settings (Appendix B, Figure 2.14). This will give users more incentive to analyze the potential consequences of not changing the profile to private vs public, minimizing potential fraudulent activity. Another factor of ethical implications that impacts the success of Venmo is human error. This includes sending funds to the wrong person, sending the incorrect amount, or receiving money from the wrong person. While human error is inevitable there are steps that Venmo can take to minimize such occurrences. Venmo can produce short online tutorials for new and current users to define each step of transferring and receiving funds, as well as the actions needed to take place if such human error occurs. Further, there should be more confirmation requests presented to users before receiving and sending funds to other users. One approach Venmo may take is requiring users to input a password before sending payments, to ensure that users are confirming they are sending funds to the desired individual. When sending money to a new user, or someone who is not saved on the “top people” page needs to input the last four digits of the other person’s phone number, to once again confirm that the money is being sent to the correct person. All of these initiatives taken by Venmo will create a stronger relationship with their users, as well as attract new users who were hesitant to join because of the risks associated with using the application.

Conclusion

This report described P2P payments and details how and why consumers use them over other payment methods. Using both primary research, in the form of two surveys, and secondary research, compiled from various sources further describing the usage of P2P payment services, we were able to analyze the consumer's perspective on these services. We began by providing a brief history of how these services entered the market and how the complicated banking system led to consumers finding comfort in the simple and easy-to-use P2P applications. Information gathered in this section along with research we found on the effects that Covid-19 had on consumer behavior and payment platforms gave us insights into different areas of focus. We then continued by determining the pricing and sales promotion decisions that come from these services, showing how this increased use affected pricing strategies and the consumer's willingness to pay. During this research, we found that these payment platforms incentivized consumers to sign up and use their platform by offering sign-up bonuses and other promotional products. With 43.4% of respondents from our primary research reported to have used P2P payment services for goods and services and 86.8% using it to pay back friends, it was apparent that using the app between friends and family was a majority of the consumer base. Although, we did find evidence to suggest that paying for goods and services through these P2P providers is increasing and becoming more mainstream. 100% of our survey respondents have heard of Venmo and 91.7% of respondents used Venmo multiple times per week. With statistics like this large corporations are starting to adopt this form of payment and capitalize on this new trend.

The convenience of this method of payment has impacted how consumers make buying decisions and purchase products. During our research, we explored different consumer behavior trends that are related to these P2P applications. A couple of these trends were cognitive bias, loss aversion, anchoring bias, framing effect, and bargain hunting. A recurring theme that was seen between all of these trends was that younger generations were more likely to adopt the new payment method while older individuals preferred cash, credit, or debit cards. Research also indicated that for larger payments there was a higher preference for cash, credit, or debit cards. This is due to the lack of security within the platforms. When making a transfer it is possible to never see that money again as there is no reversing the transaction. According to our survey, 46% of our respondents stated that they have had issues with the P2P payment apps in the past which could deter people from using the app. This brings up the idea of loss aversion and how people's preference to avoid losing is stronger than the potential gains. To test this hypothesis we created an experiment within our survey that showed that making a payment through Venmo resulted in consumers paying more than other forms of payment. We also directly asked respondents if spending money through Venmo felt like spending real money. Surprisingly our results showed that 38.9% of respondents responded with “No, spending money with Venmo doesn't feel like spending real money”. This shows us that people do not perceive spending or receiving payments through P2P applications as having the same value in comparison to other payment methods. We also looked at how bargain hunting relates to P2P payment methods. The results conclude that the lower the price of a product the more likely someone is to use the platform to make a purchase. With this information, we concluded that bargain hunters would be a great place when emerging P2P payment methods into large businesses and various retail locations.

During our research, we also looked to explore any ethical implications that could arise. We found a couple of scenarios where the platforms could be with wrongful or fraudulent intentions. In 2018 Venmo reported a financial loss of 40 million dollars as a result of fraudulent transactions. This $40 Million was composed of hackers, various scams, and stolen devices all working to send irreversible payments to fraudulent accounts. Our survey reinforced this idea with 66% of respondents saying that "They were concerned about human error when using P2P services". Although, our Venmo survey showed that 94.4% of Venmo users have never made a mistake or accidentally sent money to the wrong person. This showed that users aren't making mistakes, yet at the same time feel worrisome about the idea of sending money to the wrong person. Overall, P2P payments have had a great influence on how people purchase and transfer funds each day and are influencing consumer purchasing behaviors in different ways. We as marketers need to be aware of these changes and adapt to this new forthcoming cashless society.

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APPENDIX A
Peer-To-Peer Payment Survey Data

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	21	39.6	41.2	41.2
	Female	25	47.2	49.0	90.2
	Nonbinary	4	7.5	7.8	98.0
	Other	1	1.9	2.0	100.0
	Total	51	96.2	100.0	
Missing	System	2	3.8		
Total		53	100.0		

Figure 1.1

Level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highschool graduate	4	7.5	7.8	7.8
	Some College	41	77.4	80.4	88.2
	Bachelor's Degree	6	11.3	11.8	100.0
	Total	51	96.2	100.0	
Missing	System	2	3.8		
Total		53	100.0		

Figure 1.2

Are you employed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	40	75.5	78.4	78.4
	No	11	20.8	21.6	100.0
	Total	51	96.2	100.0	
Missing	System	2	3.8		
Total		53	100.0		

Figure 1.3

Do you know about peer-to-peer payment methods?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	49	92.5	96.1	96.1
	No	2	3.8	3.9	100.0
	Total	51	96.2	100.0	
Missing	System	2	3.8		
Total		53	100.0		

Figure 1.4

Do you use peer-to-peer payment apps?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	48	90.6	94.1	94.1
	No	3	5.7	5.9	100.0
	Total	51	96.2	100.0	
Missing	System	2	3.8		
Total		53	100.0		

Figure 1.5

Which peer to peer payment service do you prefer to use? - Selected Choice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Cashapp	6	11.3	11.8	11.8
	Paypal	2	3.8	3.9	15.7
	Venmo	42	79.2	82.4	98.0
	Other	1	1.9	2.0	100.0
	Total	51	96.2	100.0	
Missing	System	2	3.8		
Total		53	100.0		

Figure 1.6

How did you hear about peer-to-peer payments?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Friends/Family	46	86.8	92.0	92.0
	Advertisements	4	7.5	8.0	100.0
	Total	50	94.3	100.0	
Missing	System	3	5.7		
Total		53	100.0		

Figure 1.7

How often do you use peer to peer payment methods (venmo, cash app, paypal, etc.)?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very often	19	35.8	37.3	37.3
	Often	18	34.0	35.3	72.5
	Sometimes	10	18.9	19.6	92.2
	Rarely	3	5.7	5.9	98.0
	Never	1	1.9	2.0	100.0
	Total	51	96.2	100.0	
Missing	System	2	3.8		
Total		53	100.0		

Figure 1.8

When do you use peer to peer payment services? (select all that apply) Paying back friends

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Paying back friends	46	86.8	100.0	100.0
Missing	System	7	13.2		
Total		53	100.0		

Figure 1.9

When do you use peer to peer payment services? (select all that apply) Paying for goods/services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Paying for goods/services	23	43.4	100.0	100.0
Missing	System	30	56.6		
Total		53	100.0		

Figure 1.10

When do you use peer to peer payment services? (select all that apply) Receiving payments					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Receiving payments	31	58.5	100.0	100.0
Missing	System	22	41.5		
Total		53	100.0		

Figure 1.11

When do you use peer to peer payment services? (select all that apply) Paying bills					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Paying bills	19	35.8	100.0	100.0
Missing	System	34	64.2		
Total		53	100.0		

Figure 1.12

When do you use peer to peer payment services? (select all that apply) Paying Rent					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Paying Rent	11	20.8	100.0	100.0
Missing	System	42	79.2		
Total		53	100.0		

Figure 1.13

When do you use peer to peer payment services? (select all that apply) Paying medical bills					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Paying medical bills	2	3.8	100.0	100.0
Missing	System	51	96.2		
Total		53	100.0		

Figure 1.14

When do you use peer to peer payment services? (select all that apply) I do not use peer to peer payment services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I do not use peer to peer payment services	1	1.9	100.0	100.0
Missing	System	52	98.1		
Total		53	100.0		

Figure 1.15

What are the benefits of using a peer-to-peer app to send and receive money between friends? (check all that apply) It's free or low cost

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	It's free or low cost	42	79.2	100.0	100.0
Missing	System	11	20.8		
Total		53	100.0		

Figure 1.16

What are the benefits of using a peer-to-peer app to send and receive money between friends? (check all that apply) I don't want to carry cash

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I don't want to carry cash	27	50.9	100.0	100.0
Missing	System	26	49.1		
Total		53	100.0		

Figure 1.17

What are the benefits of using a peer-to-peer app to send and receive money between friends? (check all that apply) It's fun, social

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	It's fun, social	11	20.8	100.0	100.0
Missing	System	42	79.2		
Total		53	100.0		

Figure 1.18

What are the benefits of using a peer-to-peer app to send and receive money between friends? (check all that apply) It's easy to use

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	It's easy to use	41	77.4	100.0	100.0
Missing	System	12	22.6		
Total		53	100.0		

Figure 1.19

How much money are you comfortable exchanging using peer to peer payments?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		6	11.3	11.3	11.3
	~$200	1	1.9	1.9	13.2
	$100	1	1.9	1.9	15.1
	$200	3	5.7	5.7	20.8
	$25	1	1.9	1.9	22.6
	$300	1	1.9	1.9	24.5
	$5-$600	1	1.9	1.9	26.4
	$50	1	1.9	1.9	28.3
	$500	3	5.7	5.7	34.0
	$80	1	1.9	1.9	35.8
	$900	1	1.9	1.9	37.7
	1,000	1	1.9	1.9	39.6
	100	1	1.9	1.9	41.5
	1000	4	7.5	7.5	49.1
	10000	2	3.8	3.8	52.8
	1600	1	1.9	1.9	54.7
	200	2	3.8	3.8	58.5
	5,000	1	1.9	1.9	60.4
	500	2	3.8	3.8	64.2
	600 (rent)	1	1.9	1.9	66.0
	Any amount	3	5.7	5.7	71.7
	anything $100 or less, ion trust venmo	1	1.9	1.9	73.6
	Hundreds of dollars	1	1.9	1.9	75.5
	I pay my $650 rent through venmo	1	1.9	1.9	77.4
	I will reimburst my roommate for utilities (50~300), or payback friends for hotels	1	1.9	1.9	79.2

	venmo				
	I will reimburst my roommate for utilities (50~300), or payback friends for hotels (200~600) using cashapp.	1	1.9	1.9	79.2
	Less than 100$	1	1.9	1.9	81.1
	Max $100	1	1.9	1.9	83.0
	max $400	1	1.9	1.9	84.9
	My rent like 700	1	1.9	1.9	86.8
	No limit	1	1.9	1.9	88.7
	No more than $10,000	1	1.9	1.9	90.6
	No more than $20	1	1.9	1.9	92.5
	No more than $300	1	1.9	1.9	94.3
	Thousands of dollars	1	1.9	1.9	96.2
	Under $100/ payment	1	1.9	1.9	98.1
	Up to $200	1	1.9	1.9	100.0
	Total	53	100.0	100.0	

Figure 1.20

If more companies were to include peer-to-peer payment methods as a payment option, how likely would you use them?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very likely	11	20.8	21.6	21.6
	Likely	23	43.4	45.1	66.7
	Neutral	12	22.6	23.5	90.2
	Unlikely	5	9.4	9.8	100.0
	Total	51	96.2	100.0	
Missing	System	2	3.8		
Total		53	100.0		

Figure 1.21

Which of the following would you be comfortable using peer-to-peer payment apps? - Selected Choice Retail Stores

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Retail Stores	30	56.6	100.0	100.0
Missing	System	23	43.4		
Total		53	100.0		

Figure 1.22

Which of the following would you be comfortable using peer-to-peer payment apps? - Selected Choice Restaurant/Fast Food Services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Restaurant/Fast Food Services	36	67.9	100.0	100.0
Missing	System	17	32.1		
Total		53	100.0		

FIgure 1.23

Which of the following would you be comfortable using peer-to-peer payment apps? - Selected Choice Grocery Stores

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Grocery Stores	28	52.8	100.0	100.0
Missing	System	25	47.2		
Total		53	100.0		

Figure 1.24

Suppose you are buying a $10 product, which payment method would you prefer to use?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Peer to peer payment option (cashapp, venmo, paypal, etc.)	16	30.2	31.4	31.4
	Cash	10	18.9	19.6	51.0
	Credit card	3	5.7	5.9	56.9
	Debit Card	22	41.5	43.1	100.0
	Total	51	96.2	100.0	
Missing	System	2	3.8		
Total		53	100.0		

Figure 1.25

Suppose you are buying a $50 product, which payment method would you prefer to use?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Peer to peer payment option (cashapp, venmo, paypal, etc.)	12	22.6	23.1	23.1
	Cash	3	5.7	5.8	28.8
	Credit card	10	18.9	19.2	48.1
	Debit Card	27	50.9	51.9	100.0
	Total	52	98.1	100.0	
Missing	System	1	1.9		
Total		53	100.0		

Figure 1.26

Suppose you are buying a $200 product, which payment method would you prefer to use?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Peer to peer payment option (cashapp, venmo, paypal, etc.)	8	15.1	15.4	15.4
	Cash	3	5.7	5.8	21.2
	Credit card	19	35.8	36.5	57.7
	Debit Card	22	41.5	42.3	100.0
	Total	52	98.1	100.0	
Missing	System	1	1.9		
Total		53	100.0		

Figure 1.27

Have you ever experienced issues with peer-to-peer payment apps?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	24	45.3	46.2	46.2
	No	28	52.8	53.8	100.0
	Total	52	98.1	100.0	
Missing	System	1	1.9		
Total		53	100.0		

Figure 1.28

What are some concerns you have about peer-to-peer payment apps? (select all that apply) Lack of security

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lack of security	32	60.4	100.0	100.0
Missing	System	21	39.6		
Total		53	100.0		

Figure 1.29

What are some concerns you have about peer-to-peer payment apps? (select all that apply) Human error (sending money to the wrong person)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Human error (sending money to the wrong person)	35	66.0	100.0	100.0
Missing	System	18	34.0		
Total		53	100.0		

Figure 1.30

What are some concerns you have about peer-to-peer payment apps? (select all that apply) Processing times (takes 2-3 business days to transfer into bank account)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Processing times (takes 2-3 business days to transfer into bank account)	28	52.8	100.0	100.0
Missing	System	25	47.2		
Total		53	100.0		

Figure 1.31

What are some concerns you have about peer-to-peer payment apps? (select all that apply) Transaction fees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Transaction fees	22	41.5	100.0	100.0
Missing	System	31	58.5		
Total		53	100.0		

Figure 1.32

What are some concerns you have about peer-to-peer payment apps? (select all that apply) Fraud

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fraud	23	43.4	100.0	100.0
Missing	System	30	56.6		
Total		53	100.0		

Figure 1.33

Do you report your peer-to-peer transfers to the IRS?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	7	13.2	13.5	13.5
	No	45	84.9	86.5	100.0
	Total	52	98.1	100.0	
Missing	System	1	1.9		
Total		53	100.0		

Figure 1.34

APPENDIX B
Venmo Focused Survey Data

Have you heard of Venmo?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	37	100.0	100.0	100.0

Figure 2.1

How did you hear about Venmo?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Advertisements	2	5.4	5.4	5.4
	Social Media	1	2.7	2.7	8.1
	From friends and family	34	91.9	91.9	100.0
	Total	37	100.0	100.0	

Figure 2.2

Do you use Venmo?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	36	97.3	97.3	97.3
	No	1	2.7	2.7	100.0
	Total	37	100.0	100.0	

Figure 2.3

How often do you use Venmo?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2 times a week	23	62.2	63.9	63.9
	3-4 times a week	10	27.0	27.8	91.7
	5+ times a week	3	8.1	8.3	100.0
	Total	36	97.3	100.0	
Missing	System	1	2.7		
Total		37	100.0		

Figure 2.4

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Why do you use Venmo? Rent /Bill	18	1	1	1.00	.000
Why do you use Venmo? Paying back peers	35	1	1	1.00	.000
Why do you use Venmo? Goods and Services	14	1	1	1.00	.000
Why do you use Venmo? Other	3	1	1	1.00	.000
Valid N (listwise)	1				

Figure 2.5

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
How convenient is Venmo?	24	1.00	7.00	2.4583	1.97768
Valid N (listwise)	24				

Figure 2.6

Do you view Venmo as a social media platform?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	10.8	11.1	11.1
	No	32	86.5	88.9	100.0
	Total	36	97.3	100.0	
Missing	System	1	2.7		
Total		37	100.0		

Figure 2.7

How often do you scroll through the Venmo social feed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Often	2	5.4	5.6	5.6
	Sometimes	9	24.3	25.0	30.6
	Rarely	13	35.1	36.1	66.7
	Never	12	32.4	33.3	100.0
	Total	36	97.3	100.0	
Missing	System	1	2.7		
Total		37	100.0		

Figure 2.8

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I identify with these characteristics - I feel upset when spending money using my credit card	36	1	5	3.11	1.036
I identify with these characteristics - I feel upset when spending money using my debit card	35	1	5	3.06	1.162
I identify with these characteristics - I feel upset when spending money using cash	36	1	5	2.33	1.095
I identify with these characteristics - I feel upset when spending money using Venmo	36	1	4	2.22	.866
Valid N (listwise)	35				

Figure 2.9

When you use venmo, does it feel like you are using real money?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	22	59.5	61.1	61.1
	No	14	37.8	38.9	100.0
	Total	36	97.3	100.0	
Missing	System	1	2.7		
Total		37	100.0		

Figure 2.10

Have you ever experienced unverified transactions or fraud when using Venmo?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	2	5.4	5.6	5.6
	No	34	91.9	94.4	100.0
	Total	36	97.3	100.0	
Missing	System	1	2.7		
Total		37	100.0		

Figure 2.11

Have you ever mistakenly sent money on Venmo and was unable to recover it?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	2	5.4	5.6	5.6
	No	34	91.9	94.4	100.0
	Total	36	97.3	100.0	
Missing	System	1	2.7		
Total		37	100.0		

Figure 2.12

Do you ever turn on the full refund function for purchases through Venmo?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	9	24.3	25.0	25.0
	No	27	73.0	75.0	100.0
	Total	36	97.3	100.0	
Missing	System	1	2.7		
Total		37	100.0		

Figure 2.13

Have you changed the privacy settings on your Venmo?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	35.1	36.1	36.1
	No	23	62.2	63.9	100.0
	Total	36	97.3	100.0	
Missing	System	1	2.7		
Total		37	100.0		

Figure 2.14

How often do you pay for instant transfer fees?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very often	13	35.1	36.1	36.1
	Often	4	10.8	11.1	47.2
	Sometimes	6	16.2	16.7	63.9
	Rarely	5	13.5	13.9	77.8
	Never	8	21.6	22.2	100.0
	Total	36	97.3	100.0	
Missing	System	1	2.7		
Total		37	100.0		

Figure 2.15

Credit Card	Debit Card	Cash	Venmo
2.50	2.5	2.50	2.50
6	3	4	4
1.99	3.99	6	3
3	4	3	6
2	4.99		4
4	4.25		8
1	5		6
5	4		5
4.5	4		3
2.89	6		3
5			
3			
3.59			
4			
5			

Average 3.56	Average 4.17	Average 3.87	Average 4.45

Figure 2.16

APPENDIX C
Peer-to-Peer Payment Survey Questions

Introduction: The current research is being conducted by Skyla Bentley, Niko Biros, Wilson Loucks, Grant Stahlberg, and Ashley Uyeta, students at Western Washington University. The purpose of this research is to better understand consumers and their attitudes towards peer-to-peer payments. The results of this research will be used for a class assignment. You will also be asked to provide basic demographic information. Your name and contact information will not be collected. Your answers will remain confidential and will be considered only in aggregate with no reference to specific individuals. You will be asked to complete an online survey (approximately less than 3 minutes long). There is no compensation for completing this survey. You have the right to withdraw your consent at any time by closing the windowBy clicking through to the next page, you are indicating that you are 18 years old or older and that you consent to participate in this research study.

Q1 Gender

o Male (1)

o Female (2)

o Nonbinary (3)

o Other (4)

Q2 Level of education

o Highschool graduate (1)

o Some College (2)

o Bachelor's Degree (3)

o Master's Degree (4)

Q3 Are you employed?

o Yes (1)

o No (2)

Q4 Introduction of peer-to-peer payment questions: The next series of questions will be about peer-to-peer payment methods. Peer-to-peer methods are services that are provided through different apps that allow people to exchange money to others. They are able to search for others via their phone number, email address, usernames, etc. These apps include; Venmo, PayPal, Cashapp, and others.

Q5 Do you know about peer-to-peer payment methods?

o Yes (1)

o No (2)

Q6 Do you use peer-to-peer payment apps?

o Yes (1)

o No (2)

Q7 How did you hear about peer-to-peer payments?

o Friends/Family (1)

o Advertisements (2)

o TV Shows/Movies (product placement) (3)

Q8 Which peer-to-peer payment service do you prefer to use?

o Cashapp (1)

o PayPal (2)

o Venmo (3)

o Zelle (4)

o Other (5) ____

Q9 How often do you use peer-to-peer payment methods (Venmo, cash app, PayPal, etc.)?

o Very often (1)

o Often (2)

o Sometimes (3)

o Rarely (4)

o Never (5)

Q10 When do you use peer-to-peer payment services? (select all that apply)

▢ Paying back friends (1)

▢ Paying for goods/services (2)

▢ Receiving payments (3)

▢ Paying bills (4)

▢ Paying Rent (5)

▢ Paying medical bills (6)

▢ I do not use peer to peer payment services (7)

Q11 What are the benefits of using a peer-to-peer app to send and receive money between friends? (check all that apply)

▢ It's free or low cost (1)

▢ Everyone I know uses it (2)

▢ I don't want to carry cash (3)

▢ It's fun, social (4)

▢ It's easy to use (5)

Q12 How much money are you comfortable exchanging using peer to peer payments?

____

Q13 If more companies were to include peer-to-peer payment methods as a payment option, how likely would you use them?

o Very likely (1)

o Likely (2)

o Neutral (3)

o Unlikely (4)

o Very Unlikely (5)

Q14 Which of the following would you be comfortable using peer-to-peer payment apps?

▢ Retail Stores (1)

▢ Grocery Stores (2)

▢ Restaurant/Fast Food Services (3)

▢ Other (4) ____

Q15 Scenario Introduction: In these scenarios, peer-to-peer payments are included as a payment option at any location and any store.

Q16 Suppose you are buying a $10 product, which payment method would you prefer to use?

o Peer to peer payment option (Cashapp, Venmo, PayPal, etc.) (1)

o Cash (2)

o Credit card (3)

o Debit Card (4)

Q17 Suppose you are buying a $50 product, which payment method would you prefer to use?

o Peer to peer payment option (Cashapp, Venmo, PayPal, etc.) (1)

o Cash (2)

o Credit card (3)

o Debit Card (4)

Q18 Suppose you are buying a $200 product, which payment method would you prefer to use?

o Peer to peer payment option (Cashapp, Venmo, PayPal, etc.) (1)

o Cash (2)

o Credit card (3)

o Debit Card (4)

Q19 Have you ever experienced issues with peer-to-peer payment apps?

o Yes (1)

o No (2)

Q20 What are some concerns you have about peer-to-peer payment apps? (select all that apply)

▢ Lack of security (1)

▢ Processing times (takes 2-3 business days to transfer into a bank account) (2)

▢ Human error (sending money to the wrong person) (3)

▢ Transaction fees (4)

▢ Fraud (5)

Q21 Do you report your peer-to-peer transfers to the IRS?

o Yes (1)

o No (2)

APPENDIX D
Venmo Survey Questions

Introduction: The current research is being conducted by Skyla Bentley, Niko Biros, Wilson Loucks, Grant Stahlberg, and Ashley Uyeta, students at Western Washington University. The purpose of this research is to better understand consumers and their attitudes towards peer-to-peer payments. The results of this research will be used for a class assignment. You will also be asked to provide basic demographic information. Your name and contact information will not be collected. Your answers will remain confidential and will be considered only in aggregate with no reference to specific individuals. You will be asked to complete an online survey (approximately less than 5 minutes long). There is no compensation for completing this survey. You have the right to withdraw your consent at any time by closing the window. By clicking through to the next page, you are indicating that you are 18 years old or older and that you consent to participate in this research study.

Q1 Have you heard of Venmo?

o Yes

o No

Q2 How did you hear about Venmo?

o Advertisements

o Social Media

o From friends and family

o Other

Q3 Do you use Venmo?

o Yes

o No

Q4 How often do you use Venmo?

o 1-2 times a week

o 3-4 times a week

o 5+ times a week

Q5 Why do you use Venmo?

▢ Rent /Bill

▢ Paying back peers

▢ Goods and Services

▢ Other

Q6 How convenient is Venmo?

	Very Convenient						Not Convenient	
Slider Question								
	1	2	3	4	4	5	6	7

Q7 Do you view Venmo as a social media platform?

o Yes

o No

Q8 How often do you scroll through the Venmo social feed?

o Very often

o Often

o Sometimes

o Rarely

o Never

Q9 I identify with these characteristics

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
I feel upset when spending money using my credit card	o	o	o	o	o
I feel upset when spending money using my debit card	o	o	o	o	o
I feel upset when spending money using cash	o	o	o	o	o

I feel upset when spending money using Venmo	o	o	o	o	o

Q10 When you use venmo, does it feel like you are using real money?

o Yes

o No

Q11 What is the highest price you would be willing to pay for a family size bag of chips using a credit card?

____

Q12 What is the highest price you would be willing to pay for a family size bag of chips using a debit card?

____

Q13 What is the highest price you would be willing to pay for a family size bag of chips using cash?

____

Q14 What is the highest price you would be willing to pay for a family size bag of chips using Venmo?

____

Q15 Have you ever experienced unverified transactions or fraud when using Venmo?

o Yes

o No

Q16 Have you ever mistakenly sent money on Venmo and was unable to recover it?

o Yes

o No

Q17 Do you ever turn on the full refund function for purchases through Venmo?

o Yes

o No

Q18 Have you changed the privacy settings on your Venmo?

o Yes

o No

Q19 How often do you pay for instant transfer fees?

o Very often

o Often

o Sometimes

o Rarely

o Never

Q20 Age

o Under 18

o 18 - 20

o 21-24

o 24-29

o 30-40

o 41-50

o 51-60

o 60 or older

Q26 Gender

o Male

o Female

o Non-binary / third gender

o Other