



**Testimony of Kia McCallister-Young, Director of America Saves**

**before the Task Force on Financial Technology, U.S. House Committee on Financial Services on**

**“What’s in Your Digital Wallet? A Review of Recent Trends in Mobile Banking and Payments”**

**April 27, 2022**

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Chair Lynch, Ranking Member Davidson and members of the Task Force, it is an honor to be invited to testify and contribute toward the on-going conversation of digital wallets and mobile payments. My name is Kia McCallister-Young and I am the Director of America Saves, a national campaign that focuses on building financial stability, resilience, and confidence, particularly with low to moderate income earners — supporting them in their quest to save successfully, reduce debt, and get on a path toward building wealth. America Saves is an initiative of the Consumer Federation of America (CFA), a non-profit association of approximately 250 pro-consumer groups that was founded in 1968 to advance the consumer interest through research, advocacy and education.

While there are many areas of concern regarding mobile banking including, peer to peer payments, financial technology loan and credit products; my specific testimony will highlight the consumer voice and experience as related to mobile banking and payments, while working toward policy and regulation.

Experts agree, including advocates at CFA, that concerns about this topic include the high prevalence of fraud and scams, a lack of accountability and oversight, minimum consumer protections beyond disclosures and warnings, ineffective consumer privacy as it pertains to financial data, and an overall need to strengthen federal and state oversight to name a few. My work at America Saves allows me to interface and engage on a continual basis with everyday consumers, many of whom are oblivious to the risks undertaken when using digital payment options, as opposed to cash, credit, or debit cards.

Their choice to use said platforms is largely due to the convenience factor coupled with the lack of transparency of risks, purposefully orchestrated by the platforms. Consumers naturally trust these payment options because a clear delineation between banks, credit unions, and mobile payment applications does not exist. The result of that opaqueness is the belief by consumers



that mobile payment options are regulated with the same level of scrutiny as other financial institutions.

This incorrect belief results in misguided trust among consumers, leaving them vulnerable to aforementioned risks like fraud, scams, and payments being held by the platforms with very limited and, at times, no recourse at all. These products can play a role in helping consumers manage their finances, but federal and state oversight is needed to ensure consumers are protected from harmful practices, fraud, scams, and violations of data privacy.

This occurred to me in 2018 when PayPal held funds of my own that were paid through a third party processing company. It was unclear for several days who I was to reach out to for resolution. PayPal said it was the third party processor, the third party processor said it was my bank, and my bank said it was PayPal. Meanwhile, I was unable to pay for basic needs for my family while it got sorted. It took over 30 days for my funds to become available to me.

The lack of clarity, consumer protections, and transparency is not evident to consumers until it's too late.

Usage of fintech products has dramatically increased despite lack of sufficient regulation and oversight. The Covid-19 pandemic and the heightened sensitivities to health, public touching, and not seeing loved ones only added to the uptake of mobile payments, leaving Americans feeling it is the only (quick, available) option for payments. In addition, inflation is driving the low-to-moderate income earners toward fintech credit products and the need to access their pay early. Furthermore, without more oversight, immigrant citizens who often send money back to their families in their native countries remain disproportionately subject to alarmingly high remittance fees.

Because the foundational motivations for use of mobile payment applications are likely not to change, the onus to protect consumers through education, transparency, policy, oversight, and regulation simply must be prioritized. As we work to rebuild our economy and increase financial resilience for every American, we must recognize and highlight what threatens our nation's ability to save, reduce their debt, and build wealth. That work is an intersectional joint effort of financial education through content, resources, and support along with policies and regulation that protect consumers from practices that make it hard for consumers to be fully informed through complexity and suppression of information and easy, clear access and warnings of risk.

I thank you for your time and the opportunity. Please reach out with questions and comments to [kyoung@consumerfed.org](mailto:kyoung@consumerfed.org).

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*[America Saves](#) is an initiative managed by the nonprofit Consumer Federation of America that uses the principles of behavioral economics and social marketing to motivate, encourage, and support low- to moderate-income households to save money, reduce debt, and build wealth.*



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