EVERFI®

Lesson Plan

Modern Money: Safe Digital Banking™

Peer-to-Peer Transactions

45 minutes

Prerequisite: Peer-to-Peer Transactions

INSTRUCTIONS

Each digital lesson is supplemented with a follow-up synchronous lesson plan to extend and reinforce learning. Activities and questions are structured in a way that supports both in-person and virtual classroom settings.

OBJECTIVES

Students will be able to…

- Describe a peer-to-peer payment app (P2P) and its features.
- Analyze common financial scenarios and determine the best payment method.
- List safety precautions that can be used to protect peer-to- peer transactions.

MATERIALS

In-Person Lesson

- A copy of worksheet
- Homework (optional)
- Writing utensils
- A computer and projector to play the suggested video

Virtual Lesson

- Virtual access to the worksheet
- Homework (optional)
- Writing utensils
- A computer and projector to play the suggested video

SECTION	DESCRIPTION	FORMAT	DURATION
Opening	Determine students' background knowledge: • When you need to pay your friends for something, how do you usually do that? • Have you ever used a peer-to-peer (P2P) payment app? • When might someone choose to use a P2P payment app? • What are some of the companies that offer P2P apps? • Is there anything you should be careful about when using a P2P payment app?	Virtual: **Answer individually** on a separate sheet of paper or in virtual breakout groups. In-Person: **Discuss** with a partner **Share out** with the class	3 mins
New Learning	Share with students that they will be conducting simple research and completing a graphic organizer in order to discuss the pros and cons of P2P payment apps and their funding sources. • Have students read the provided reference material. Discuss the key learnings of the graphic organizer (see teacher version) and correct misunderstandings through discussion of these questions as time permits: • How do P2P payment apps work? • Where does the money come from? • When might someone choose to use a P2P payment app? • What can go wrong when using P2P payment apps? • What are the benefits of P2P payments? • What can you do to reduce your security risks when using P2P apps?	Virtual: **Read** reference material in virtual break out groups, individually or with a partner. **Watch** the video as a class or individually. **Complete** graphic organizer individually. **Answer** as a virtual class or individually. In-Person: **Read** reference material individually or with a partner. **Watch** the video as a class. **Complete** graphic organizer individually. **Answer** as a class.	15 mins

SECTION	DESCRIPTION	FORMAT	DURATION
Activity	Divide students into groups of 2-4. Give each group one of the scenario activity sheets (attached) to read and complete. (It is okay if multiple groups have the same sheet.) Have students discuss their answers and justification in their small groups. *Note: The payment option that students recommend is subjective. Students may feel more or less comfortable with technology like Peer-to-peer payments. Some students may be more concerned about privacy and opt for cash or be concerned about the ability to pay back items charged to a credit card. Simply ensure that students can justify their answers.*	Virtual: **Read** and complete individually. **Discuss** in virtual breakout groups. In-Person: **Read** and complete individually. **Discuss** as a class.	12 mins
Discussion	Each group should share out their answers to one of the given scenarios. • Why did your team choose to go with online vs. traditional banking in each scenario? • What factors influenced your team's decision? For example, convenience, limitations, etc.	Virtual: **Share out** with the virtual class or answer individually. In-Person: **Share out** with the class.	5 mins
Closing	"Good work today! We learned about peer-to-peer payment apps as a payment option, when to use them, when not to use them, and things to be cautious of. Hopefully, if you choose to use these apps in the future, you will remember the steps you can take to be safe while doing so."	**Formalize** learning with the whole group	1 min
Evaluation	At the end of the lesson, pass out copies of the exit ticket for students to individually complete.	**Assess** individually	5 mins

SECTION	DESCRIPTION	FORMAT	DURATION
Homework (optional)	Students should use the worksheet (attached) to discuss P2P payment apps with their parents or another adult at home. *Note: As a possible math connection for the next session, the information gathered can be used to do a survey of P2P app use and/or for creating graphs or charts.*	**Assess** individually	15 mins

ANSWER KEY

P2P GRAPHIC ORGANIZER

1. Where does the money come from?

One of the main differences among P2P payment apps is where the money is coming from that you want to send to someone else. Read through the information provided to complete this organizer about the pros and cons of each money source.

MONEY SOURCE *What are the four main sources you can connect to a P2P payment app? Where is your money coming from in order to send to others?*	**PROS** *What is the benefit of having a P2P payment app connected to this money source?*	**CONS** *What is a drawback of having a P2P payment app connected to this money source?*
Credit Cards	Added protection Won't drain your bank account Limit liability	Extra fees for transactions (sometimes 2%–3%)
Debit Cards	Linked to bank account Fewer/no fees	Extra fees for transactions (sometimes 2%–3%)
Bank Accounts	No fees for transfers Instant transfer between banks Some protections if reported immediately	Can be vulnerable to draining an account if accessed
P2P Account (within the app)	Instant transfers No fees	Limited to your balance in account Very few protections in case of fraud

2. Overall pros and cons of P2P payment apps

Regardless of where the money comes from, what are some pros and cons related to all P2P payment apps that you need to be aware of when choosing one to use.

GENERAL BENEFITS OR PROS TO USING P2P APPS	**GENERAL DRAWBACKS OR CONS TO USING P2P APPS**
• Convenience of paying friends/family • You choose who to send to and how much • Some apps can take a few seconds to transfer funds • Some apps do not charge fees	• Some providers charge fees or interest fees for usage • There are risks - can send to the wrong person via misspelling, can't get back, need to ask the other person to send money back • Getting reimbursed for fraud can be difficult especially if money was paid out of app (not account or credit card) • Not all P2P services will accept payments from all types of funds.

ANSWER KEY

P2P APPS: SCENARIO ACTIVITY

Scenario 1

On a break from school, Leslie walks to Burger House to grab some lunch. Her bill is $7.25. How should she pay?

Leslie's Wallet:

CASH *$5.00*	CREDIT CARD *$3,000 (available limit)*	DEBIT CARD *$145 (account balance)*	PEER-TO-PEER APP *(linked to her debit card)*
☐	☑	☑	☐

What payment choice would you recommend? Why?

She doesn't have enough cash to pay. Since she is at a business she can't use a P2P app so her best options will be debit or credit.

Scenario 2

Jerome is meeting some friends for coffee. His portion of the bill is $3.25, and he'll need to pay his friend back. How should he pay?

Jerome's Wallet:

CASH *$20.00*	CREDIT CARD *$800 (available limit)*	DEBIT CARD *$650 (account balance)*	PEER-TO-PEER APP *(linked to his debit card)*
☑	☐	☐	☑

What payment choice would you recommend? Why?

Since he needs to pay a friend he cannot use a credit or debit card. The $20 bill is possible if his friend has change. The P2P app is possible if his friend is accepting of it (has an installed app)

Scenario 3

Chi is buying tickets to a concert from a popular website. The total will be $75. How should she pay?

Chi's Wallet:

CASH *$45.00*	CREDIT CARD *$1,500 (available limit)*	DEBIT CARD *$500 (account balance)*	PEER-TO-PEER APP *(linked to her credit card)*
☐	☑	☑	☐

What payment choice would you recommend? Why?

Since it states that it is a popular website, a P2P would not work. But debit and credit cards would.

Scenario 4

Nick is going to the hospital to have an x-ray taken. He will owe $145. How should he pay?

Nick's Wallet:

CASH *$200*	CREDIT CARD *$1,000 (available limit)*	DEBIT CARD *$400 (account balance)*	PEER-TO-PEER APP *(linked to his debit card)*
☑	☑	☑	☐

What payment choice would you recommend? Why?

Since it states that it is a hospital, a P2P would not work. But debit and credit cards would. Cash would also work.

Scenario 5

Diego is buying some used books from someone he doesn't know. They've asked him to send money before they will mail him the book. The total cost is $8. How should he pay?

Diego's Wallet:

CASH *$10.00*	CREDIT CARD *$4,000 (available limit)*	DEBIT CARD *$325 (account balance)*	PEER-TO-PEER APP *(linked to his debit card)*
☐	☑	☑	☐

What payment choice would you recommend? Why?

Assuming that the vendor accepts all forms of payment, In this instance a credit card would be best since it can protect from fraud in case it does not work out. A debit card would be the next best choice since a bank could be turned to if they need to complain if fraud has happened. Cash is not smart to send through the mail and P2P is best done with people you know.

Scenario 6

Anna is taking an art class and needs to buy supplies from the campus store. The total cost for her supplies is $185. How should she pay?

Anna's Wallet:

CASH *$20.00*	CREDIT CARD *$2,250 (available limit)*	DEBIT CARD *$150 (account balance)*	PEER-TO-PEER APP *(linked to her credit card)*
☐	☑	☑	☐

What payment choice would you recommend? Why?

Since it states that it is a store, a P2P would not work. But debit and credit cards would. She does not have enough cash.

ANSWER KEY

EXIT TICKET

What is a peer-to-peer payment app?

An app that facilitates payments between people. It is not intended for making purchases at stores. Primarily a means to split costs for restaurant outings for friends, paying for goods and services to people you know. The app can be connected to various money sources like credit cards, debit cards and bank accounts, and many of them also have the capacity to have balances within the app.

Describe a scenario in which it would be a bad idea to use a peer-to-peer app. Include at least one sentence explaining why a P2P app should not be used in this instance.

You want to buy concert tickets online and you have connected with someone who has tickets to sell. The concert is tonight and they are a great deal. You don’t know the person but you have chatted with them several times and learn that the person they were going to go to the concert with has gotten severely ill so they both will be going to the hospital. The seller wants to make sure that someone else is able to enjoy the concert even if they can’t.

This is a bad idea since the buyer does not know the seller. Additionally, a ticket price that sounds too good to be true probably is. Could reach out to pay in person or by credit card but P2P is a bad idea because they will have to ask the seller to return the money if it turns out to be fraud.

List at least two steps that you can take to protect yourself when using P2P apps.

1. Only send to people you know
2. Create a PIN for your account so nobody can access it if they get a hold of your phone.

RESOURCE MATERIALS

What are Peer-to-Peer Payments?

Adapted from [Source]

Peer to peer payments, or P2P payments, are transactions that can be used for anything from splitting a $30 dinner bill between friends to paying your rent. These payments allow the transfer of funds between two parties using their individual banking accounts or credit cards through an online or mobile app. They are becoming popular among people of all ages with no signs of slowing. It is expected that mobile P2P transactions could reach $86 billion in the United States in 2018.

How Peer to Peer Payments Work

Peer to peer payment accounts are typically relatively simple to set up. For whichever platform you choose, you'll sign up for an account then link your bank account or credit or debit card to it. Some apps might require further verification information and passwords to increase security. After your account is set up you can find other users by their username, their email, or your phone contacts.

Sending and receiving money is usually just a couple of clicks away after that. You choose who you are sending money to, the amount of the transaction, add a reason for payment if you desire, then submit the payment. Depending on which P2P payment service you use, the time it takes for money to transfer can range anywhere from a few seconds to three business days. Many applications keep the money stored in the app until you manually release the money into your personal banking account.

P2P Payment Benefits

For the most part, peer to peer payments work just like taking money out of ATM minus the hassle of finding one to reimburse the recipient. Some P2P payment services charge a flat- fee or low percentage fee. Some P2P do allow for fee-free payment, however. Research the providers to see what if any fees are associated with making transactions.

The Potential Security Risks of P2P Payments

While for the most part, P2P services are secure, there are always risks involved when sending money online. Whether you accidentally send money to the wrong user or you risk becoming the victim of a data breach, issues can arise. The bigger issue that comes with a fraudulent or mistaken transaction is that getting refunded can be more difficult, especially if you are using the funds from the app and not from your bank. Many P2P payment providers use precautions to lower these security risks, from passwords and PINS to transaction notifications that confirm whether users did indeed send money.

How fast are P2P payments? What do they cost?

Source

Keep these things in mind when you use peer-to-peer payments:

You have to wait for the money. Although transaction notifications are sent right away, the money itself may take one to three business days. Some providers are faster, and some also offer instant transfers for a fee.

Paying might cost you. 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, for example — for other payment methods.

Comparing electronic P2P payment options

By Monica Steinisch

Adapted from Source

Before you can send money, you have to designate a source of funds. Depending on the service, you may be able to fund your payments by checking or savings account, debit card, credit card or cash. Not all P2P processors will accept all sources of funds. For example, your bank P2P service, Popmoney and Dwolla will only accept funds from a linked checking or savings account. Venmo allows you to fund payments from a bank account, a debit card or a credit card. Amazon WebPay permits payments funded with a credit card. PayPal lets you fund payments with all options.

PayPal, Venmo, Dwolla, Serve and Amazon WebPay all allow you to fund payments from your "prefunded" account balance with them. Prefunding means putting money in your account (or allowing money you receive to stay in the account) to be used as needed for future transactions. Prefunding is useful when you are using cash or when you are putting money in an account for someone else to use (like a child away at college).

How to avoid, resolve P2P payment problems

By Monica Steinisch

Adapted from Source

The protections you have if something goes wrong are based mainly on how you fund the payment. This can get complicated. P2P payments, including those made via a mobile device, that are linked to a credit or debit card or bank account receive the same guaranteed federal protections as any other type of transaction made with those payment options.

So if the source of your P2P payments is your checking or savings account or the debit card linked to it, your liability for fraudulent or unauthorized electronic transfers is limited to $50. But you must report the missing card (or the missing mobile device used to access the account) to the financial institution within two business days. Your liability can reach $500 or even more if you take longer to report the incident. If you find unauthorized charges on your bank statement, but you haven't lost your phone or debit card, you won't lose any money as long as you report the transaction(s) within 60 days of the statement showing the unauthorized activity. Any missing funds should be replaced within 10 business days.

A credit card offers even better protections for funding a P2P or mobile payment. In addition to avoiding the risk of someone draining your bank account, even temporarily, the law caps your liability for unauthorized charges made with a lost or stolen credit card (or linked mobile device) at $50—and most card issuers waive that as part of a voluntary zero liability policy. If just your credit card number is stolen, you have no liability for unauthorized transactions.

If you have any questions about which type of card your P2P payments are linked to or how the payments are being funded, ask the P2P processor directly since the consumer protections can be vastly different. Middleman may matter If your P2P payment is not funded by a linked credit or debit card, or checking or savings account, the intermediary (or payment processor) may affect your liability for losses.

Linking your payments to a credit card (if possible) or using P2P services through your financial institution are the two strongest ways to protect yourself against bogus transactions or mistakes. If your payments are drawn instead from a P2P account balance or from a prepaid card, compare several P2P processor options, read the user agreements carefully, and understand what protections each option offers if, for example, a payment gets sent to the wrong person or is for the wrong amount. Once you start making P2P payments, check your transaction statements regularly since your liability for losses may depend on how quickly you report a problem.