



Cash Sending Apps

*By Trey Peacock, Winning Cases Based On Science & Data For Over 25 Years
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While many of the articles I have shared address the intersection of technology and security issues, this article deals simply with the intersection of technology and convenience. To be more specific, this article addresses technology that affords a user the convenience of transferring money to individuals with a few taps of a touchscreen.

Years ago transferring money to an individual required a valid Driver's License and a trip to Western Union. Today, you pay back your friend who bought dinner, or even pay your rent using cash transfer apps. The ubiquity of cash transfer apps and the integration of the same technology into platforms like iMessage and WhatsApp has made the process not only possible, but essential for the convenience of the modern-day tech user.

If you haven't yet caught on, the process can be intimidating. Where do I start? Is my money safe? Which app is best? Where is the money reflected in my account actually located? And, most importantly, what happens when it goes wrong? This article walks through the pros and cons of the three most popular cash transfer apps in order to help you choose the app that's best for you.

Zelle

First up is Zelle. This app's greatest strength stems from the fact that it's already integrated into most big banks' mobile device apps. If you bank with Wells Fargo, Bank of America, or Chase, chances are you already use your phone regularly to check your balance or make payments. With Zelle, you can choose either to transfer payments to other users directly from your bank's app, or from Zelle's proprietary one. Zelle funnels its users' transactions directly to the user's bank account without holding funds temporarily in a "balance" or "account." This can be helpful for those who appreciate having all their funds in one place. However, depending on how much you use the app, the direct transfers can also result in a tedious slew of minor charges.

The biggest downside of Zelle is the requirement that at least one user be a customer of one of Zelle's partner banks or credit unions. Many readers are likely already customers of Zelle's large banking partners such as Wells Fargo, Bank of America and Chase. But for those who prefer smaller local banks, Zelle isn't for you.

Like many similar apps, Zelle provides users with little to no payment or fraud protection on their accounts. As soon as the user taps Zelle's "Pay" button, the payment is sent, and the user has zero options to recall or cancel it. However, unlike some other peer apps, Zelle does not allow credit cards to be used as a payment method, and instead requires a direct link to a debit card or checking account.

For these two reasons, Zelle is often best suited for small payment transfers like settling up for drinks or dinner, rather than larger payments, like rent or bills for which a user would have the ability to dispute a charge when using a credit card. All in all, Zelle makes a good match with individuals who bank with established institutions and are looking for a convenient way to transfer small to moderate sums to other similar individuals.

Venmo

Next up is Venmo--ubiquitous and extremely popular with the younger crowd. Venmo has surged in popularity over the last three years as cash has declined as the chief method of quickly exchanging money between friends. My son informed me that during his freshman college orientation, the session director asked all new students to take out their phones and download the Venmo app, advising them they were sure to need it constantly.

Venmo utilizes social networking far more than its peer apps. Venmo users are encouraged to send friend requests to their personal friends to facilitate easy searching and payment. By default, all payments are public and viewable by the friends of users on both ends of the transaction. This pesky feature can be disabled quickly in the settings menu, or toggled at will in each transaction by tapping the lock icon before paying or requesting.

Unlike Zelle, Venmo users maintain a Venmo “balance,” which can be deposited into the users’ bank account at any time. Users can elect for a free transfer that takes 1-3 business days to process, or an instant deposit that extracts a .25c or 1% fee, whichever is higher. Users’ balances are replenished by incoming payments and steadily drawn on for outgoing payments until empty or insufficient, at which point the transaction bounces over to the default payment method. However, unlike Zelle, Venmo permits users to link a credit card for the payment method. While Venmo also offers dismally few options for users who have been defrauded, scammed, or simply paid the wrong person, the payment by credit card feature offers a small degree of insulation, since faulty payments can be disputed directly with a card company.

Venmo’s biggest draw is its popularity. It is by far the most popular cash-transfer app, and its market dominance makes it a fast and convenient solution to payment problems with the largest group of individuals. Not to mention how hip you will feel when you find yourself asking your friends, “Can you Venmo me for that?”

CashApp

Of all the apps on this list, CashApp is certainly the most anonymous. Users have the option to link an email account, but transfers can also be directed to phone numbers or the app’s proprietary \$cashtag username. Unlike Venmo, which boosts its social aspect by urging users to stock their profile with a photo, identifying information, and content, CashApp does not require or ask for any of this information. CashApp lacks a public forum for broadcasting purchases like Venmo (which can be good or bad, depending on the situation), and while it allows users to link to others as “friends,” the links are only for ease of purchasing. In that vein, CashApp allows users to send money to the email or phone number of an individual who isn’t registered for a CashApp account. (The receiver will have to create an account to claim the payment; otherwise, the money reverts back to the sender).

This app allows users to connect a credit card as a payment method, but each purchase using the credit card incurs a 3% fee. CashApp’s users also maintain a “balance” that is transferrable to a bank account at any time, though the instant deposit option comes with a 1.5% fee. This app’s main feature is its anonymity. For those who resent the more public nature of other cash transfer apps, CashApp works beautifully as a private, discrete means of transferring sums between users.

Social Media Transfers

Finally, platforms like iMessage, Snapchat, and WhatsApp have all developed and offer their own proprietary means of transferring money. All of them work roughly the same way: in the chat window, there is a small green button with a \$ symbol that users can tap to send the sum of their choice to the person they are chatting with. WhatsApp’s parent company, Facebook, also has the same feature built into the Facebook Messenger Platform. Snapchat has christened its feature with the catchy name “SnapCash.” Like Zelle, these platforms send payments directly to the user’s attached bank accounts without holding them in a balance.

Similar to other apps, they offer very little payment protection for accidental or fraudulent payments.

These systems work well enough in a pinch, but to be frank, I barely trust these companies with my personal data. I would hesitate to trust any of them with money transfers, much less give them access to my banking and credit card information.

Comparisons and Costs of Use

Name	App Balance?	Regular Deposit Cost	Instant Deposit Cost
Zelle	No	Payments direct to bank	n/a
Venmo	Yes	Free, 1-3 business days	25c or 1%, whichever is greater
CashApp	Yes	Free, 1-3 business days	1.25% of sum
iMessage/WhatsApp/SnapCash	No	Payments direct to bank	n/a

Final Pick: Venmo

Put simply, Venmo just works best for the types of transfers these apps are used for: onetime, small amounts to friends and acquaintances. For regular transfers of larger amounts, you can always use a checkbook or credit card, but for transferring funds to other users, Venmo is the way to go.

However, the purpose of this article isn't to pick a "best" app, but rather to help each of you decide exactly which app best suits your lifestyle, spending patterns, and needs. Each of them provides extreme convenience for everyday life. Yet, as with any financially oriented app, the risks of use still remain. The wise user will remember this rule of thumb: once you press "Pay," you essentially kiss that money goodbye. No matter if the payment resulted from a mistake or a scam, you will be extremely hard pressed to reclaim your payment. Therefore, when transferring large sums, be extremely careful that the username and information of your payment recipient is correct and legitimate. Never send money to someone that you don't know, and, above all, keep a watchful eye on your financial data. These companies, while secure, are as hack-prone as any other. Stay calm and transfer on.

About the Author

Trey Peacock, a partner at [Susman Godfrey](#), has been winning cases based on science and data for over 25 years. He has also chaired the firm's IT committee for over two decades. [Learn more about Trey here.](#)