

## Mobile Payment Systems and Campaign Finance

Mobile payment systems allow financial transactions using mobile devices. These systems include Venmo, Cash App, Apple Pay, Google Pay, Samsung Pay and more. [House Bill 104](#) defines mobile payment services and specifies that they can be used for candidate or campaign committees to make transactions and to receive anonymous donations under \$25. Currently political campaigns can accept a limited amount of anonymous contributions and also use mobile payment as third party services to collect contributions.

### Highlights

- Mobile payments encompass many technologies, including mobile wallets, and mobile card readers.
- Some mobile payments can be more secure than traditional payment methods, especially against card fraud.

### Limitations

- There is limited public data available on the current extent of mobile payment use in elections, and impacts on contribution behavior.

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## Missouri and Federal Campaign Finance Regulation

Missouri statute outlines requirements for accepting political campaign contributions in § 130.021.4, RSMo, including requiring candidates to have an official fund depository such as a Missouri-based bank or credit union. Their bank must be able to provide records of deposits and other account activity. According to the Missouri Elections Commission (MEC) website, committees can use mobile payment applications such as Venmo, PayPal, ActBlue, and Square as third party vendors to accept contributions. The money must be put into an official account, and the entire contribution must be reported (any fees incurred should be listed as an expenditure). Currently, according to § 130.031.2, RSMo, campaign finance committees must use their official bank account for payments and expenditures greater than \$50. For anonymous contributions, state statute sets maximum amounts for a committee in one calendar year, and dictates that anonymous contributions from an individual cannot exceed \$25. Excess anonymous contributions must be returned to the donor or transmitted to the state treasurer.

The Federal Elections Commission (FEC) requires data to be collected for donations over \$200 on the donor address, occupation, and employer. The FEC began allowing payment via text message in 2012, providing guidance that includes tracking mobile numbers that have donated so that any one number does not exceed contribution limit, and asking the donor to verify their identity.<sup>1</sup>

## Mobile Payment Systems

Mobile payment systems encompass business transactions involving electronic devices connected to mobile networks.<sup>2</sup> Over 56% of Americans made some form of mobile payment in

2018.<sup>3</sup> Mobile payment systems can enable various transactions, including point-of-service business transactions or peer-to-peer transactions. This includes multiple forms of technology. Some enable remote transactions, including payment via SMS or Text2Pay, which allow people to pay via text message and billing through the mobile carrier. Mobile wallets allow users to connect a bank account, debit or credit card to send and request payments from other users. Some apps, like Venmo (a subsidiary of PayPal) or Apple Cash, allow money to be stored within the app, with the option to transfer to a bank account with a fee for instant transfers, and no fee for normal transfers taking 1 to 3 days. As a U.S. based service, users must have a U.S. account in order to use the app (similar apps in other countries have the same restrictions). Other technology requires physical proximity, including mobile card readers (Square), near field communication (waving/touching mobile device near a reader, can be used with Apple Pay, Google Pay, etc.), or QR codes (user scans code to go to payment site).<sup>2,4</sup>

### *Security*

Numerous laws regarding financial and electronic transactions govern mobile payments, along with industry standards, such as the Payment Card Industry Security Standards.<sup>5</sup> Although many people perceive mobile payments as less secure than some other payment methods, by using transaction specific codes, device specific codes, and biometrics or a pin, some mobile payments can be more secure against card fraud than credit cards.<sup>6</sup>

### *Privacy*

Mobile payment systems (e.g., PayPal) may allow sharing of more purchase data (including data on each individual item purchased, rather than total order) compared to traditional methods, which consumers cannot often opt out of.<sup>7</sup> Some mobile payment apps, like Venmo, also function as a form of social media and share transactions and messages among friends publicly (but not financial transaction information).<sup>8</sup> In terms of elections, campaigns need to integrate specific questions to determine total individual donation limit and to verify the individual making the donation for mobile and non-mobile transactions to adhere to reporting requirements and ensure funds collected are within legal limits.

### *Costs and Ease of Use*

Acceptance of mobile payment appears to be growing in the United States, for general banking as well as for political contributions. Small contributions (under \$200) have increased in recent elections, which may be related to ease-of-use of online and mobile payments.<sup>9</sup> Like credit cards, mobile payments may have fees with transactions, which may be paid by the donor or recipient. Mobile payment systems used for political campaigns, including PayPal, Raise the Money, ActBlue, and WinRed, have fees ranging from 3 to 6% plus \$0.20 to 0.30 per transaction. Use also depends on availability of infrastructure to support payments (access to smartphone, internet, mobile card readers and NFC readers, etc). For newer or less resourced payment systems, barriers may also include limited institutional support in cases of fraudulent charges.<sup>4</sup>

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