

Brief

Peer-to-Peer Payments: Beyond Splitting the Bill

What P2P Use Reveals About Financial Health

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Introduction

Since its emergence in the early 2010s, transferring money using online peer-to-peer (P2P) payments has rapidly grown in popularity.¹ Recent studies estimate that 69% of American households used P2P payments in the last year, with 40% reporting using them at least once a month.^{2,3}

In this brief, we contribute to the growing body of literature about P2P use in two ways. First, we investigate demographic differences in how households use P2P payments. Second, we identify distinct financial needs among P2P users that may require tailored solutions. Because P2P apps have become an essential part of everyday finances for a majority of U.S. households, P2P providers are positioned to promote financial health for their users—which could be particularly impactful for young adults and low-income households. Understanding the diverse financial needs of households that use P2P payments can provide insights into how providers can best invest in users' financial well-being and design more impactful solutions.

Key Takeaways

1. **P2P use is widespread, but not uniform.** Although the most common use case is interpersonal—sending and receiving money from friends and family—we observed a variety of use cases across different demographic groups. Families with children used P2P more than households without children. Renters used P2P more frequently than homeowners, which may reflect their unique needs in managing housing-related expenses, such as utility and rent payments. Part-time workers and gig earners used P2P to receive income, underscoring the platform's role in supporting nontraditional and supplemental employment.
2. **P2P users are younger and more financially strained.** We observed that P2P users were overwhelmingly younger, which explains our finding that they were also more likely to be Financially Vulnerable than nonusers. We found that P2P users were more likely to rely on debt to meet liquidity needs, as reflected in higher revolving credit balances and greater use of buy now, pay later (BNPL) services.
3. **P2P may serve as an entry point into the financial system for many consumers.** Our results found that P2P payments were used more frequently by unbanked households to store money, providing a point of connection to the broader consumer financial services ecosystem. We also found that P2P users were more likely to report owning cryptocurrency and investing in the stock market outside of a retirement account.

¹ [“The Rise of P2P Payments,”](#) Clearly Payments, accessed February 2026.

² [“2024 Survey and Diary of Consumer Payment Choice Tables,”](#) Federal Reserve Banks of Atlanta and San Francisco, 2024.

³ [“Peer-to-Peer Payment Services,”](#) Consumer Reports Survey Group, January 2023.

Data and Definitions

Our findings draw on the [2025 FinHealth Spend survey](#), which captured data on household usage of P2P services, other financial services and products, financial health, and demographic characteristics.⁴ We define P2P as online payment services that allow people to send, receive, and store money in a nonbank account (e.g., Venmo, Cash App, and PayPal).⁵ By using a nationally representative sample of households across all age groups, we can draw generalizable inferences about households in the United States. See the Appendix for more details on the FinHealth Spend survey methodology.

Who Is Using P2P Payments?

A diverse range of households use P2P payments, but for different reasons.

P2P use is widespread across the U.S. and in many different types of households. In our survey, 68% of all households reported using P2P in the prior 12 months—slightly lower than the most recent estimate from the Diary of Consumer Payment Choice, which put online payment account use at 74%.⁶

There were several commonalities among consumer groups most likely to use P2P payments. Prior studies have established that P2P payment use sharply declines after age 65.^{7,8,9} In 2023, over 90% of people under age 25 used an online payment service, whereas only half of individuals at 65 or above used this method of payment.¹⁰ Our analysis points to a similar age cutoff: 86% of the sample under age 65 used P2P, compared with only 50% of those 65 and older. Similar to previous studies, we

⁴ The survey was fielded to a nationally representative sample of households in the United States, collected from a random selection of panelists in the University of Southern California's Understanding America Study (UAS), a probability-based internet panel of the non-institutionalized adults aged 18 or older in the U.S.

⁵ See Appendix for the full survey question.

⁶ Unlike our survey question, the survey question in the 2024 Diary of Consumer Payment Choice study includes Zelle among other online payment options. This might explain the discrepancy between the two estimates. For more, please see: "[2024 Survey and Diary of Consumer Payment Choice Tables](#)," Federal Reserve Banks of Atlanta and San Francisco, 2024.

⁷ Berhan Bayeh, Isaiah Nardone, Shaun O'Brien, & Hailey Phelps, "[2025 Findings from the Diary of Consumer Payment Choice](#)," Federal Reserve Financial Services' FedCash® Services, 2025.

⁸ Sam Baird, "[Social Media for Personal Finances: A New Trend for Millennials and Gen Z](#)," Federal Reserve Bank of Kansas City, October 2023.

⁹ Claire Greene, Joanna Stavins, & Julian Perry, "[Consumer Payment Behavior by Income and Demographics](#)," Federal Reserve Bank of Boston, 2024.

¹⁰ Ibid.

found that higher-income, full-time employed, and more highly educated households were more likely to use P2P.^{11,12}

We also found that P2P payment use increased with household size. Because we measured P2P use at the household level, this is partly due to how the data were collected, but may also be related to the presence of children in larger households.¹³ Teen use of P2P services under parental supervision is a growing use case.^{14,15,16} Although we didn't directly observe teen use of P2P payments in our survey, households with children under age 18 reported a higher rate of P2P use than other households of the same size without children. This difference remained statistically significant even after controlling for age (Figure 1).

Figure 1. Households with children under 18 used P2P payments at a higher rate than households without children.



* Statistically significant difference ($p < 0.05$)

Renter households were also significantly more likely than homeowners to use P2P payments (75% vs. 68%; see Figure 2). This difference remained statistically significant after controlling for income, age, education, and household size. Rent payments have rapidly shifted online over the past decade.¹⁷ As a result, P2P payments may be gaining traction among tenants and individual landlords, who own more than a third of all U.S. rental units.¹⁸ According to a Bank of America study, splitting

¹¹ Jordan Mitchell, Xiao Li, & Doug Steel, "[Financial characteristics of mobile banking and payment users in the United States](#)," Journal of Global Business Insights, March 2024.

¹² See Table A2 in the Appendix for P2P use across different demographic characteristics.

¹³ In our survey, household size is directly related to the number of children under age 18.

¹⁴ "[Empowering Safer Transactions: Introducing Sponsor Approval for Teen Peer-to-Peer Payments](#)," Block, July 2025.

¹⁵ "[New Wells Fargo Study Shows Parents Give Their Kids an Average Weekly Allowance of \\$37](#)," Wells Fargo, August 2025. [Wells Fargo \(2025\)](#)

¹⁶ "[Debit Card for Teens](#)," Venmo, accessed February 2026.

¹⁷ "[The Digital Shift in Rent Payments: A Decade of Data and Insights](#)," Rentec Direct, accessed February 2026.

¹⁸ Mark P. Keightley, "[Ownership of the U.S. Rental Housing Stock by Investor Type: In Brief](#)," Library of Congress, December 2022.

utility bills and rent are also common use cases among P2P users .¹⁹ Further investigation is needed to better understand the role P2P payments play in how renters manage their day-to-day finances.

Figure 2. Renter households used P2P payments more often than homeowners.



* Statistically significant difference ($p < 0.05$)

Primary Use Case: Interpersonal and Interhousehold Transfers

Users most often cite that they use P2P because of convenience, immediacy, reliability, and lack of fees.²⁰ Prior research has found that users most commonly use P2P to store cash, pay for goods and services, pay bills, and send money to friends and family. Less common uses have also emerged, including donating to charity, crowdfunding, budgeting, and investing.^{21,22} However, these studies do not explore how use cases might differ across different demographic characteristics.

In our survey, more than two-thirds (68%) of households using P2P reported multiple reasons for using it. Unsurprisingly, the most common reasons were sending money to and receiving money from family and friends (Figure 3). P2P payments were initially designed for this use case, so this pattern is to be expected. Prior research also suggests that people leaned on P2P transfers from family and friends following income shocks, when liquidity is particularly constrained, or before large purchases.²³

¹⁹ ["Bank Of America Finds 36 Percent Of US Adults Use P2P Payment Apps,"](#) PYMNTS, May 2017.

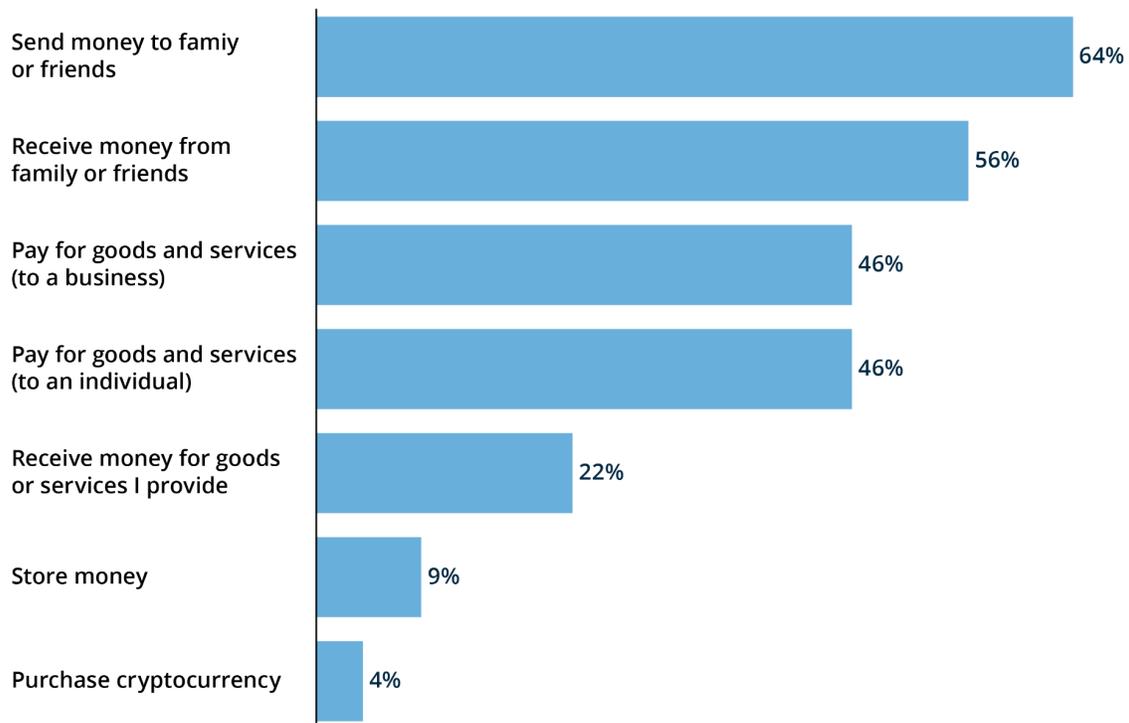
²⁰ Monica Anderson, ["Payment apps like Venmo and Cash App bring convenience – and security concerns – to some users,"](#) Pew Research Center, September 2022.

²¹ Jay L. Cunningham, Sydney T. Nguyen, Julie A. Kientz, & Daniela Rosner, ["The Cost of Culture: An Analysis of Cash App and the Financial Inclusion of Black American Communities,"](#) Designing Interactive Systems Conference, June 2022.

²² Sam Baird, ["Social Media for Personal Finances: A New Trend for Millennials and Gen Z,"](#) Federal Reserve Bank of Kansas City, October 2023.

²³ T. Balyuk & E. Williams, ["Friends and Family Money: P2P Transfers and Financially Fragile Consumers,"](#) Social Science Research Network, 2021.

Figure 3. The most common use case for P2P payments was sending and receiving money from family or friends.



Notes: This survey question was only asked to those who indicated that someone in their household used P2P payments in the past 12 months (N = 3,490).

Response to survey question: "What are the reasons you or someone in your household uses P2P? Select all that apply."

Sending money to and receiving money from friends and family were more common use cases for higher-income households, 18- to 35-year-olds, college graduates, and households with children (see Table A3).

Secondary Use Case: Transactional Payments

After interpersonal transfers, paying for goods and services was the most common use for P2P payments (Figure 3). Nearly half (46%) of households using P2P payments reported these types of transactions, which may look like buying a tamale via a QR code, paying a babysitter, or selling tchotchkes at a neighborhood yard sale. Prior research estimates that consumers completed 23% of all transactions with P2P in 2024.²⁴

²⁴ Berhan Bayeh, Isaiah Nardone, Shaun O'Brien, & Hailey Phelps, "[2025 Findings from the Diary of Consumer Payment Choice](#)," Federal Reserve Financial Services' FedCash® Services, 2025.

Not only did households use P2P to purchase goods and services, but more than one-fifth of households (22%) also used P2P to receive money for goods and services *they* provided. In our survey, part-time employed respondents reported this reason more frequently (29%) than any other group. Nationally representative data from the Financial Health Pulse® 2025 survey shows that part-time employed individuals were more likely to participate in gig work or own a business than to work in a traditional employment arrangement with a paycheck, which may help explain this pattern. As an increasing number of small businesses accept P2P payments, meeting their needs should be a priority for P2P service providers.²⁵

Spotlight: Some Unbanked Households Used P2P Apps as Bank Accounts

Households using P2P payments were significantly more likely to have a checking or savings account than those who did not use P2P payments (98% vs. 96%). This is unsurprising considering that most P2P payment accounts must be linked to a bank account to send money. However, users do not need a linked bank account to *receive* money—in some cases, they only need to provide a phone number.

Nearly one-third of unbanked households used P2P payments to store money, which is almost four times the rate among banked households.²⁶ This suggests that some unbanked households may be using P2P in lieu of bank accounts. Further research is needed to understand the reasons for this substitution.

Figure 4. Percentage of P2P users who use it to store money, by ownership of bank accounts.



Notes: Unbanked households are those that do not have a currently open checking or savings account. Sample size for unbanked households with P2P use is N = 61. Sample size for banked households with P2P use is N = 3,421.

* Statistically significant difference ($p < 0.05$)

²⁵ [“Survey Shows 82% of Small Businesses Accept Peer-to-Peer Payments,”](#) Electronic Transactions Association, June 2022.

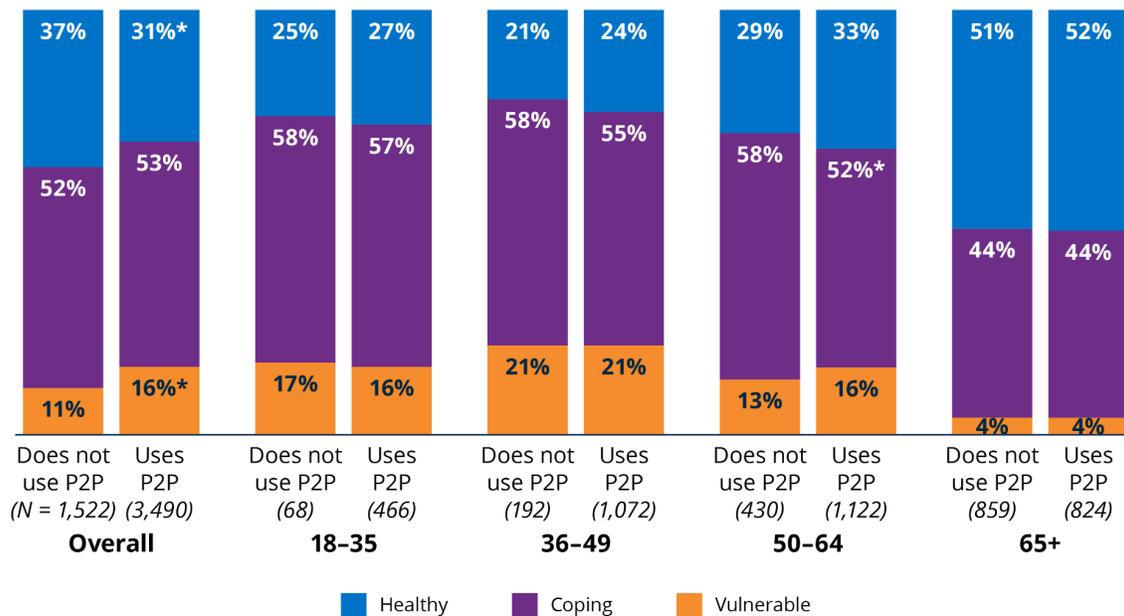
²⁶ Unbanked households are those who do not have a currently open checking or a savings account. Sample size for unbanked households with P2P use is N = 61.

Households Using P2P Payments Have Different Financial Needs

Households with P2P users were more Financially Vulnerable because they were younger, despite having higher incomes than nonusers.

Households that used P2P payments were less likely to be Financially Healthy and more likely to be Financially Vulnerable, a finding that aligns with other studies documenting the financial needs of P2P users.^{27,28,29,30} However, this does not mean P2P use *caused* financial vulnerability. After controlling for age, we did not observe any significant differences in financial health between households that used P2P and those that did not (Figure 5). This suggests that the lower financial health observed among P2P users, compared with households that didn't use P2P payments, was largely explained by age.

Figure 5. Financial health by P2P use across age groups.



* Statistically significant difference relative to "Does not use P2P" (p < 0.05)

²⁷ Financially Healthy, Financially Coping, and Financially Vulnerable households are categorized based on their FinHealth Scores®. For more details, please refer to: "[FinHealth Score® Toolkit](#)," Financial Health Network, accessed February 2026.

²⁸ Jordan Mitchell, Xiao Li, & Doug Steel, "[Financial characteristics of mobile banking and payment users in the United States](#)," Journal of Global Business Insights, March 2024.

²⁹ Annamaria Lusardi, Carlo de Bassa Scheresberg, & Melissa Avery, "[Millennial Mobile Payment Users: A Look into their Personal Finances and Financial Behaviors](#)," Global Financial Literacy Excellence Center, 2018.

³⁰ Gaurav R. Sinha, Raj Chirag Mehta, Anniina Kaittä, & Katri Viitasalo, "[Factors and patterns in mobile banking and payment services use in the United States](#)," Journal of Financial Services, October 2025.

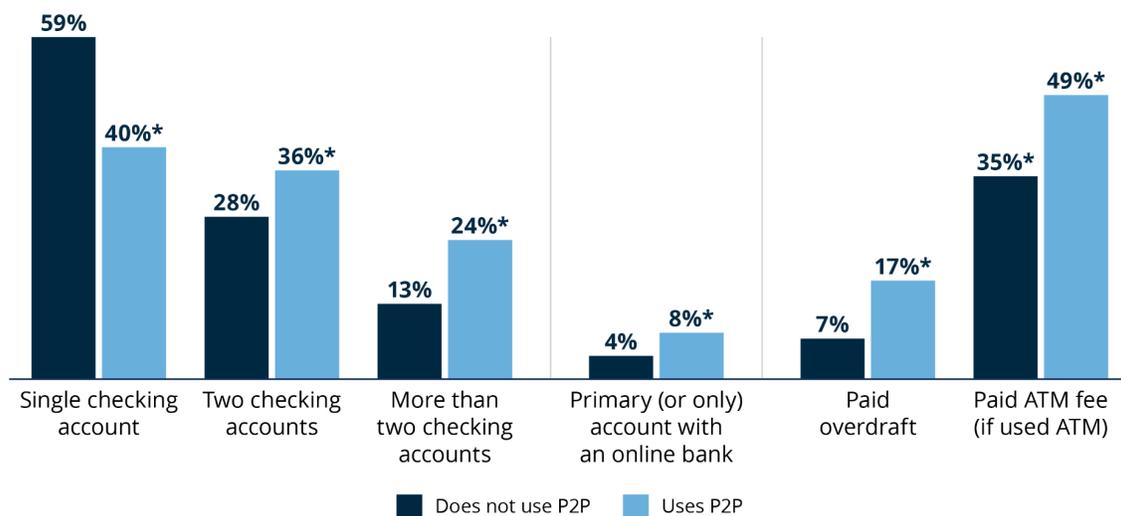
P2P users under 50 were more likely to have higher household incomes, but also significantly less likely to be Financially Healthy than older P2P users.³¹ This is counterintuitive at first, because one would expect higher-income households to have better financial health. Even so, the higher incomes of P2P users under age 50 may still not be sufficient to meet their financial needs. Supporting this hypothesis, we found that P2P users under age 50 were significantly more likely to have large households (four or more members) and have children under age 18 in their households, which could stretch their income more than smaller households without childcare costs.³²

P2P users had multiple bank accounts and were more likely to pay bank fees.

P2P users differed from nonusers in how they managed their day-to-day finances. A majority of households that used P2P payments (60%) had multiple checking accounts, and they were significantly more likely to use accounts at online-only banks as their primary (or only) bank account (Figure 6). These differences were not explained by P2P users having larger households or being younger than nonusers.³³

P2P users were also more likely to pay overdraft or ATM fees, even after controlling for household size and age. Higher incidence of overdraft fees provides further evidence that P2P users were more likely to face liquidity challenges than those who didn't use P2P payments.

Figure 6. Banking experiences of P2P users.



* Statistically significant difference relative to "Does not use P2P" ($p < 0.05$)

³¹ See Table A4 in the Appendix.

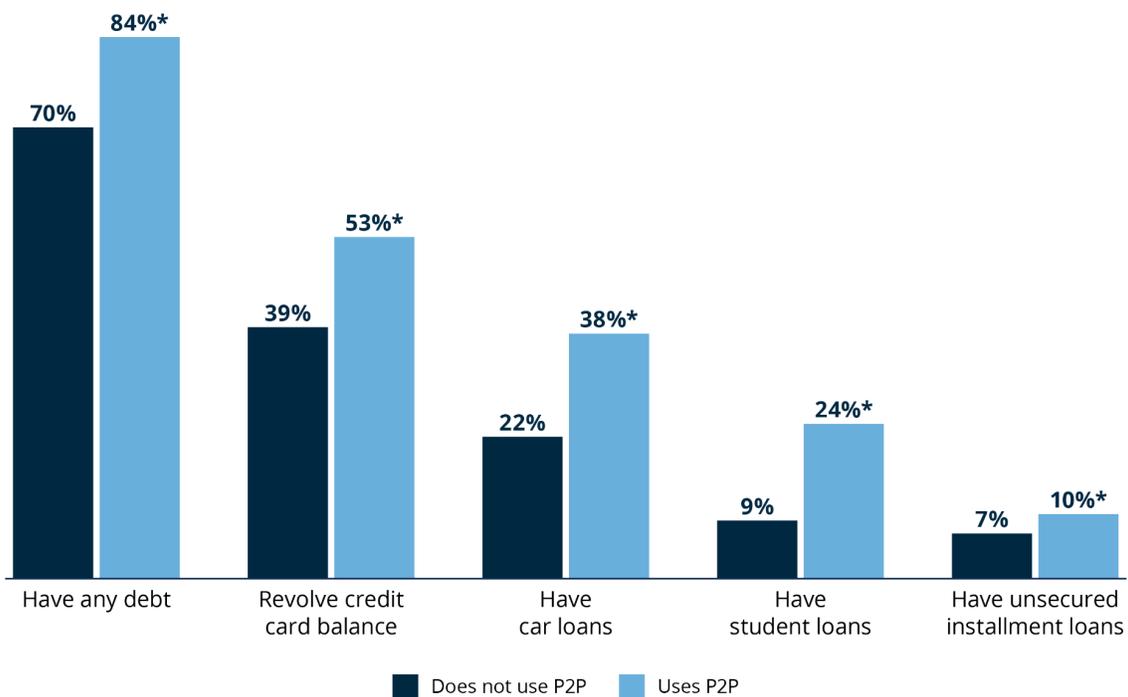
³² See Table A4 in the Appendix.

³³ When we controlled for age and household size using multivariate regression, the differences remained statistically significant.

A larger share of households using P2P had debt.

Eighty-four percent of P2P users reported some type of debt. Compared with nonusers, P2P users were more likely to have revolving credit card balances, outstanding car loans, student loans, and unsecured installment loans (Figure 7). In addition, a significantly higher share of P2P users (75%) carried more than \$1,000 in revolving credit card debt than nonusers (63%). These differences remained statistically significant even after controlling for household size and age.

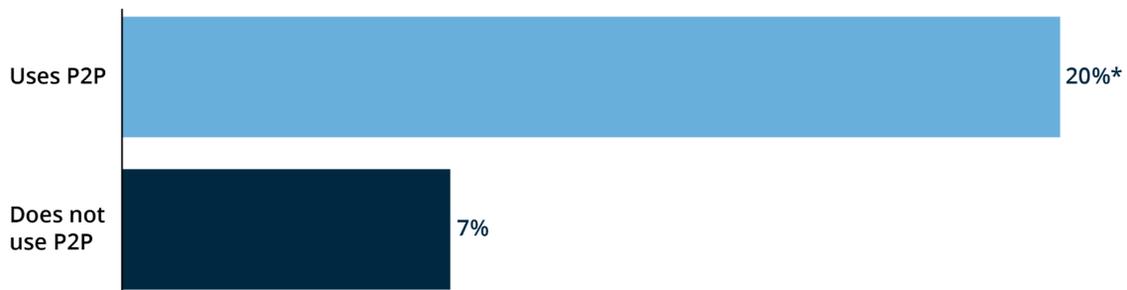
Figure 7. Household debt of P2P users.



* Statistically significant difference relative to "Does not use P2P" ($p < 0.05$)

P2P users were also nearly three times as likely as nonusers to make an online purchase using BNPL over the past 12 months (20% vs. 7%; see Figure 8). Among respondents who made purchases using BNPL, nearly two-thirds of P2P users (62%) reported making three or more BNPL purchases, which was significantly higher than those who do not use P2P (44%). When asked why they used BNPL, P2P users were more likely to say they either did not have sufficient funds in their bank account (34% vs. 24%) or did not have available credit on their credit cards (17% vs. 7%) than households that did not use P2P.

Figure 8. P2P users were almost three times as likely to use BNPL to make an online purchase.



* Statistically significant difference ($p < 0.05$)

Response to survey question: “In the last 12 months, have you or anyone else in your household made a purchase with a service that partners with an online or store retailer and allows you to break payments into four equal installments with no interest? These are sometimes called ‘buy now, pay later,’ ‘BNPL,’ or ‘point-of-sale’ loans.”

These findings suggest that households using P2P payments more often met their liquidity needs through borrowing money. P2P payment providers can leverage their platforms to educate consumers on how to use credit and manage their debts in a way that supports their financial health. Further research could examine whether households would pay down balances faster if P2P platforms enabled direct debt repayment to financial institutions, a feature that is currently not offered.

P2P users were more likely to be financially invested.

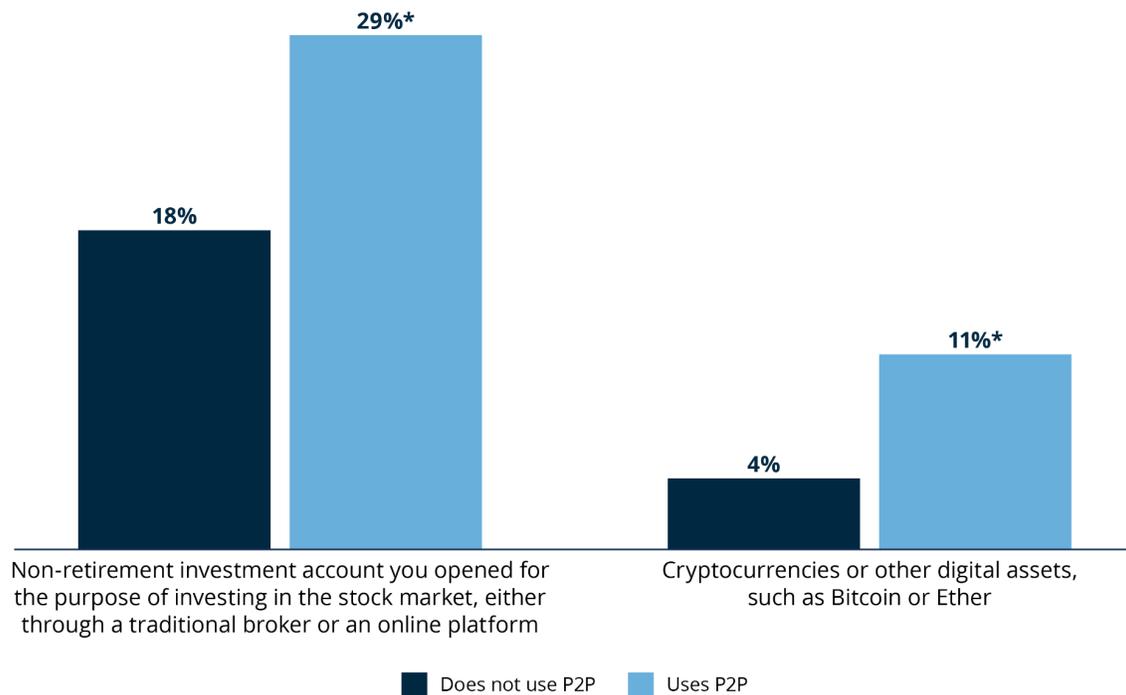
Households that use P2P services were more likely to have investment accounts and invest in cryptocurrency and other digital assets, a pattern that held true after controlling for age and household size (Figure 9). This aligns with the previous finding that P2P use increased with household income, which is also a major driver of financial investments.

However, among households with any investments, P2P users were more likely to use a financial professional to help make investment decisions than households that didn’t use P2P payments, after controlling for age and household size.³⁴ Although we don’t have direct evidence to support this theory, one potential explanation is that P2P may be positively related to trust in financial professionals. If this is the case, P2P platforms can serve as conduits for accessing professional financial advice, especially for young investors. Further investigation is needed to better understand

³⁴Response to survey question: “Do you use a financial professional, like a financial advisor, planner, or wealth manager, to help make decisions about your investments?”

the relationship between trust in financial advice and P2P payment use across different demographics.

Figure 9. P2P users were more likely to hold financial investments.



* Statistically significant difference relative to “Does not use P2P” (p < 0.05)

Response to survey question: “Do you or anyone else in your household have any of the following retirement or other savings or investment accounts?”

Summary and Recommendations

Based on our findings, we can identify a few distinct personas of P2P users. Here, we share details on those personas and targeted recommendations to more effectively meet each group’s needs.

- **The classic user:** Young adults in their 20s who use P2P to split bills with friends, pay rent, and manage shared expenses. These users may be invested in the stock market and hold crypto, but they also have higher credit card debt and use credit and BNPL to stretch their finances. They can greatly benefit from tools and guidance on paying down debt, managing cash flow, and investing in their future.
- **The entrepreneur or gig worker:** These users rely on P2P to buy and sell goods or services to earn income. This group would greatly benefit from informative, tailored resources to

properly manage small-business budgeting, including separating personal and business finances.³⁵

- **Families with children:** These households may use P2P to send money to their children as an allowance or for special occasions. P2P apps could further expand their reach among this user group by embedding age-appropriate budgeting advice and tools into the app. More research is needed to explore how minors use P2P payments under parental supervision and how this might be related to their financial health outcomes in adulthood.
- **Underbanked and unbanked customers.** These households use P2P services to store money instead of a bank account. P2P payment platforms can serve as an entry point into mainstream financial services for these users. Further research is needed on how the unbanked and underbanked use P2P in lieu of bank accounts, and what strategies could expand access to safe, affordable banking.

Each of these personas represents a unique financial need. Although we highlighted only a few here, the number and complexity of these needs will only increase as households evolve where and how they borrow money or earn, spend, save, and invest their income.

With this growing complexity, P2P providers can use innovation and product design that centers financial health to meet households' evolving financial needs. For some young adults, P2P apps may very well be their introduction to the complex world of personal finance. Whether it's budgeting, paying off debt, or investing, P2P platforms can help young users build good habits and make smart decisions, setting them up for a financially healthy future. To inform more impactful solutions, we invite further research into how and why people use P2P payments in different ways, and what gaps they are trying to address in their financial lives.

Acknowledgements

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³⁵ For more insights on the financial health of these groups, refer to our recent research briefs: Shira Hammerslough & Andrew Warren, "[Pulse Points: Financial Health Differences Among Entrepreneurs](#)," Financial Health Network, June 2025; Wanjira Chege & Kennan Cepa, "[Pulse Points: Main Gig or Side Hustle? Nontraditional Work and Financial Health](#)," Financial Health Network, March 2025.

Appendices

Survey Methodology

The sample is weighted to align the sample distributions of race, ethnicity, gender, age, education, and Census region with the population distributions using the Current Population Survey benchmarks. Only panelists who participate in their household decision-making were selected for the final sample.

Table A1. FinHealth Spend Survey overview.

Population	All U.S. non-institutionalized adults at age 18 or older
Sample selection	Nationally representative respondents selected using the UAS algorithm
Language	English or Spanish
Field dates	January 8th, 2025 to February 5th, 2025
Length	Average time: 9 minutes
Total completes	5,216
Margin of error	1.4%

Survey Questions

In the past 12 months, have you or anyone else in your household used any **online payment services** with an account feature that allows you to receive and store money in an account? These services are often accessed through a mobile app and examples are PayPal, Venmo, or Cash App. Please do not include Zelle.

1. Yes
2. No
3. I don't know

What are the reasons that you used an online payment service like PayPal, Venmo, or Cash App?

Please select all that apply. [options displayed in random order, other than 8]

1. To store money
2. To pay for goods and services (to a **business**)
3. To pay for goods and services (to an **individual**)
4. To send money to family or friends
5. To purchase cryptocurrency

6. To receive money for goods or services I provide
7. To receive money from family or friends
8. Other (please specify):

Supplemental Data Tables

Table A2. P2P use by demographic characteristics.

	% of households using P2P payments	Sample size
Household income		
Less than \$30,000	55%	1,025
\$30,000 to \$59,999	65%*	1,131
\$60,000 to \$99,999	73%*	1,142
\$100,000 or more	85%*	1,789
Age		
18-25	84%	54
26-35	85%	494
36-49	82%	1,281
50-64	66%*	1,577
65 and over	44%*	1,683
Education		
Less than high school	52%	164
High school degree	59%*	744
Some college or associate's degree	71%*	1,704
Bachelor's degree or more	82%*	2,486
Household size		
Single	58%	1,249

2 members	68%*	2,028
3 members	76%*	724
4 or more members	82%*	975
Employment		
Full-time employed	83%	2293
Part-time employed	70%	572
Unemployed	70%	220
Retired, disabled, other	51%	1,851

* Statistically significant difference relative to the first category (p < 0.05)

Table A3. Reasons for using P2P by demographic characteristics.

	Income		Age		Education		Children under 18	
	<\$60K	\$60K+	18-35	36+	No college degree	College degree	No kids	Have kids
Send money to family or friends	59%	67%*	71%	61%*	59%	70%*	62%	68%*
Receive money from family or friends	51%	59%*	65%	52%*	51%	62%*	51%	64%*
Pay for goods and services (to a business)	48%	45%	45%	47%	47%	45%	47%	45%
Pay for goods and services (to an individual)	37%	52%*	49%	45%*	40%	53%*	43%	51%*
Receive money for goods or services I provide	23%	21%	22%	22%	21%	23%	19%	28%*
Store money	13%	5%*	12%	7%*	10%	7%*	8%	10%

Purchase cryptocurrency	2%	1%*	3%	1%*	2%	2%	2%	2%
N	1,235	2,248	466	3,018	1,609	1,881	2,527	963

* Statistically significant difference relative to the other category ($p < 0.05$)

Table A4. Characteristics of P2P users by age.

	Under 50 years	50 years or older
\$100,000 or more household income	38%*	32%
Financially Healthy	25%	40%
Four or more members in the household	37%*	12%
Have children under age 18	48%*	11%
N	466	3,018

* Statistically significant difference relative to 50 years or older ($p < 0.05$)