



BANKING & ACCOUNTING OPERATIONS NEWSLETTER #19 MARCH 2020

WHAT ARE VENMO AND ZELLE?

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The simple answer is that they both allow individuals to transfer funds instantaneously to family, friends and other individuals by utilizing only an email or phone number. Over the past couple of years, sending and receiving funds through Venmo or Zelle has been growing rapidly and phrases such as “I’ll Venmo you” or “Do you have Zelle?” are becoming the norm. They work similarly in many respects, but they also have some important differences.

How do they work?

Venmo

- Venmo is owned by Paypal, and similar to Paypal, it is a digital wallet that allows individuals to send and receive money electronically
- Both parties must have a Venmo account and linked email or phone number to transfer money
- Venmo is a separate account that needs to be created through the app or online
- Once the account is created, it must be linked to a bank account, credit card, or debit card

Zelle

- Zelle is owned by Early Warning Services, a private financial services company owned by major banks such as Bank of America, Capital One, JPMorgan Chase, US Bank, Wells Fargo, Citibank and others
- Similar to Venmo, individuals must register their email or phone number in the Zelle network to transfer funds
- For banks that participate in the Zelle network, users can sign up directly through the bank’s website or app, rather than a separate website or app (to see participating banks, [click here](#))

What are the differences between Venmo and Zelle?

- Venmo is a digital wallet that allows individuals to hold a balance within the Venmo account
 - o If the funds need to be transferred to the linked bank account, Venmo will utilize the ACH network to send the funds to the bank account, which may take 1 to 3 business days
 - o Otherwise the funds are held in the Venmo digital wallet and transfers are done instantaneously between Venmo digital wallets
- Zelle transfers money directly between bank accounts, which means a digital wallet is not required

- If the individual's bank or credit union is a participant of Zelle, the transfers are instantaneous and received same day, however, if they are not a participant, transfers will be completed through the ACH network, which may take 1 to 3 business days
- The balance kept on Venmo digital wallet is not FDIC insured, meaning the federal government is not insuring those funds against loss
- Since Zelle is utilized through financial institutions' mobile apps or online banking, funds are insured by the banks' safeguards, such as FDIC
- Venmo has a social network aspect to it, where users can comment on each other's transaction and utilize emojis, which Zelle lacks
- Neither Venmo nor Zelle charge fees for transferring funds, however, below are ways an individual fee could occur
 - If individual utilizes a credit card on Venmo to send money, there is a 3% transaction fee
 - Zelle does not charge to send or receive money, however, check with each bank or credit union if any other bank fees may apply such as overdraft, return item, etc.
- Both Venmo and Zelle transactions are irrevocable once the transaction has been completed
 - Only way to cancel would be if the recipient is not enrolled in the product
- Both Venmo and Zelle transactions require a US based bank account and phone number
 - However, on Venmo, individuals can link a credit card

Why doesn't University of Washington offer Venmo or Zelle?

The purpose of Venmo or Zelle is for Peer to Peer (P2P) transactions and not for business related transactions. However, Venmo and Zelle payments have evolved and expanded into the business payment gateways in different methods.

Venmo currently is available for certain business models and retail vendors such as UBER, UBER Eats, Grubhub, Lululemon and J.Crew. However, from BAO's research and knowledge, this form of payment is not available to higher education. BAO, along with the Office of Merchant Services, will continue to explore options with Venmo and how it can be utilized at University of Washington.

Zelle currently is available for Business to Peer/Consumer (B2P/B2C) payments. Some examples where Zelle is currently utilized are insurance claims, customer refunds, student athletic stipends, and student refunds. University of Washington is currently exploring utilizing this as a method of disbursement and looking to pilot this in the near future.

UWFT – Workday Finance

BAO is heavily involved in working with UWFT for Workday Finance and would like to share any updates for UWFT. Just in case you missed it, below is the link to UWFT's insider story from February

[UWFT Insider Story](#)

BAO Staff Update

For those who are wondering about Ellie, she gave birth on February 18, 2020 to a beautiful daughter. The mother and baby are in great condition and we are very excited and happy for the family.

To review previous newsletters, please visit <https://finance.uw.edu/bao/resources/bao-newsletter>

BAO is committed to providing campus departments with high-quality customer services. Please send your feedback or suggestions to bankrec@uw.edu to help us improve our services.

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