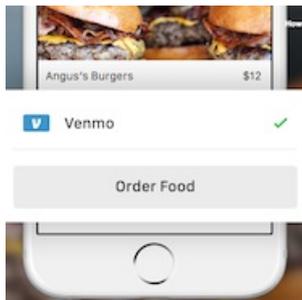


FINANCIAL SERVICES

Can PayPal hold its ground in mobile payments?

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Pay with Venmo will launch platform-wide later this year

By CHANTAL TODE

PayPal has grown since being spun off from eBay and continues to push ahead in mobile, but whether or not this is enough to remain competitive with Apple Pay and others is still unclear.

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This was the key takeaway after PayPal held its first analyst day last week, with the company's stock dropping in the aftermath. The high expectations of analysts points to an increasingly cutthroat mobile payments landscape that also recently saw MCX postpone the rollout of its CurrentC payments app.

"It's all moving towards mobile," said Daniel Schulman, president and CEO of [PayPal](#), during a conference call with analysts last month about the company's first quarter results.

"And we basically want to be able to utilize for merchants this underlying platform so that we can be their OS, do 100 percent share of checkout, enable merchants to create their own application, tie in their rewards into our platform, do things like split tender at checkout and create a real value proposition change for consumers so that merchants can use mobile to get closer to their customers," he said.

Pay with Venmo

PayPal reportedly highlighted its recent growth on a number of fronts as well as ambitious plans to build services for both consumers and merchants. However, many analysts expressed concern that PayPal is not doing enough to fight off competition from Apple, Google and Samsung, the credit networks and retailers, sending the company's stock lower.

PayPal's plans for mobile include extending the Pay with Venmo pilot to the platform's entire customer base in the second half of 2016, just one of the ways the company hopes to be more relevant to users and merchants.

Peer-to-peer payment application Venmo launched a pilot earlier this year enabling users to pay for purchases in merchants' applications via a Venmo button. Venmo processed nearly \$3.2 billion in payment volume in the first quarter, up 150 percent, and the pilot has widened to include approximately 550,000 users.

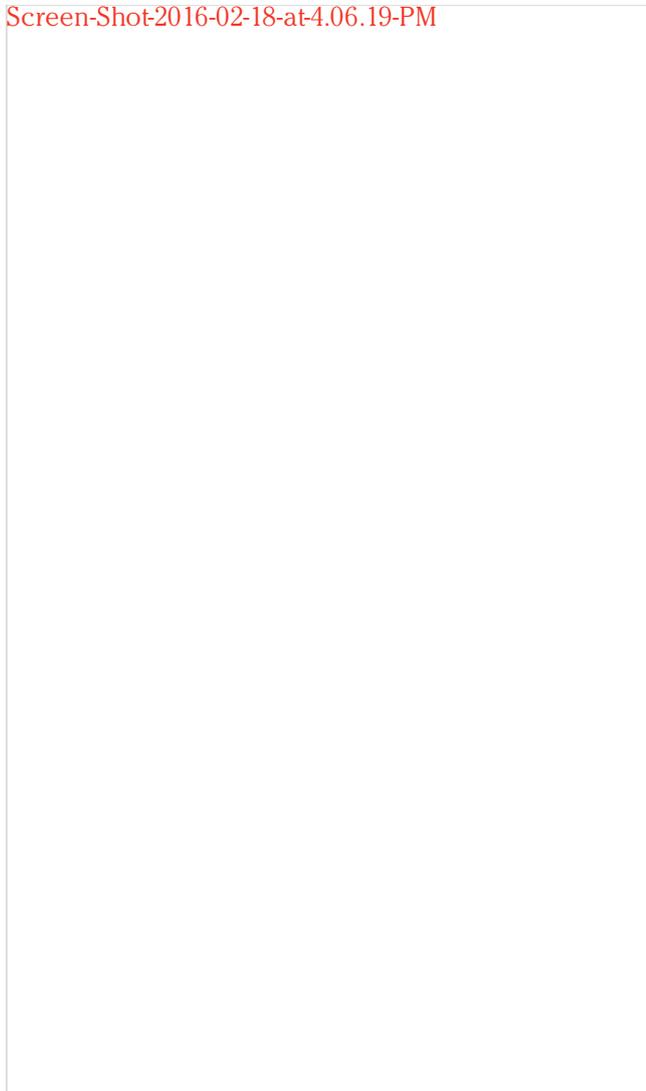
Last month, PayPal reported that an increasing amount of its business is conducted on mobile. During the first quarter, PayPal processed \$21 billion in mobile payment volume, up 54 percent.

The 54 percent increase in mobile payment volume outpaced the company's total payment growth, which was up 31 percent.

Connecting with merchants

PayPal also continues to add more merchants and now counts 14 million merchants, including recent additions such as Crate and Barrel, Sephora, Air France, FreshDirect and Panera Bread, to complement the platform's 170 million buyers.

Earlier this year, PayPal launched a fundamentally redesigned mobile app built on an iterative platform so it can be easily customized for the 145 markets where it is live. Users will be able to use their mobile phone online, in app or in store with both NFC and QR capabilities.



PayPal reports that the new app is driving engagement and transactions.

Additionally, PayPal Commerce was launched in beta, addressing the growing trend, especially on mobile, of connecting content with commerce. The set of tools and APIs help merchants create shoppable content across email, social share, blogs, articles, ads and in app.

PayPal is also partnering with wireless carriers in South America on digital wallets and has launched an in-store program in Spain enabling consumers with Android smartphones to tap to pay at Visa contactless terminals. The program is expected to expand across Europe in the second half of the year.

One Touch

PayPal's solution for streamlining online payments, called One Touch, is now available in all of the company's 203 markets, making it the most rapidly adopted product PayPal has ever launched. Approximately 21 million consumers have opted in and PayPal anticipates that more than 2 million merchants will have One Touch enabled by year-end.

"Part of the issue with merchant apps is when they can create a good value proposition, they need somebody to help power that," Mr. Schulman said last month.

"But then they need volume on that application, and with things like our One Touch technology, our new re-platforming, as long as a consumer opts in, we can credentialize their IDs and make that signing up for that app much more friction-free than previously," he said.