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PayPal Releases 3Q 2026 Results



PayPal President and CEO Enrique Lores sits down with PYMNTS.com Founder & CEO Karen Webster for a fireside chat at Money20/20

PayPal released its third quarter 2026 financial results today. We encourage you to read the [full materials](#) and [listen](#) to our earnings call at 8:00 AM ET.

Key highlights include:

- Transaction margin dollars of \$4.0B, +2%; \$3.7B, +3% excluding interest on customer balances^{1,2}
- Non-GAAP operating income of \$1.6B, +3%; GAAP operating income of \$1.4B, (8%)
- Non-GAAP operating margin of 18.8%, +16 bps; GAAP operating margin of 16.3%, (173 bps)
- Non-GAAP EPS of \$1.45, +8%; GAAP EPS³ of \$1.25, (4%)
- Generated \$2.0B in adjusted free cash flow and returned \$1.6B to shareholders via share repurchases and our quarterly dividend
- Raised FY'26 guidance for non-GAAP transaction margin dollars, non-GAAP EPS, and adjusted free cash flow; reiterated capital return

President and CEO Enrique Lores said, "I'm pleased with our third-quarter performance and the momentum we are seeing across the business, and we are raising our full-year non-GAAP guidance for transaction margin dollars and EPS. We are beginning to see our strategy translate into our financial results, with strong contributions from our key growth areas and increasing diversification."

Lores continued, "We are making good progress in our multi-year transformation, and while there is more work to do, we are increasingly confident in our path to durable, profitable growth and remain focused on execution."

We delivered a solid third quarter that demonstrates the changes we are making are translating into better performance across the business. Transaction margin dollars grew 2%, with strong contribution from Venmo and Braintree. Financial services are a key growth driver across all three businesses. Together with 1% non-transaction operating expense growth, non-GAAP earnings per share exceeded our guidance, increasing 8% to \$1.45.

Branded checkout TPV growth has remained stable in the 1 to 2 percent range for the fourth consecutive quarter. In the third quarter, branded checkout TPV growth was 1% FXN, despite tariff-related pressure in Europe. We are encouraged by continued momentum in the U.S. and strength in buy now, pay later (BNPL) and Pay with Venmo.

Over the past quarter, we began translating our strategy into action, delivering profitable growth and early proof points across our three businesses. We are diversifying beyond checkout into financial services, which is now more than 20% of transaction margin dollars and growing double digits. We are also accelerating Venmo and Braintree, driving deeper engagement and monetization in Venmo, and focusing on profitable processing growth and greater adoption of value-added services in Braintree.

In tandem, we are rebalancing toward the consumer side of the network. We are prioritizing our high-value consumers and the merchants where they shop. Where our merchant playbook is deployed, we are seeing encouraging evidence that our investments in experience, presentment, and selection are driving better outcomes, including improved branded checkout performance.

We also continued to simplify our operating model, remaining on track to achieve at least \$1.5 billion in gross run-rate savings over the next two to three years, with >\$700 million of run-rate savings by year-end 2026. We made progress modernizing our technology platform and leveraging AI to innovate for our customers. For example, our new modular risk platform has cut decision times nearly in half in three markets.

For the full year 2026, we are raising our non-GAAP transaction margin dollar and EPS guidance, and reaffirming GAAP EPS guidance. We now expect:

- Transaction margin dollars: ~\$15.7B
- Transaction margin dollars ex. interest on customer balances: ~\$14.6B
- Non-GAAP non-transaction operating expenses: Mid-single digit growth
- Non-GAAP effective tax rate: ~19%
- Non-GAAP EPS: ~\$5.60⁴
- GAAP EPS: ~\$5.07⁵

- Adjusted free cash flow: \$6.5B+
- Share repurchase: \$6B
- CAPEX: ~\$1B

For the fourth quarter of 2026, we expect:

- Transaction margin dollars: Slightly positive
- Transaction margin dollars ex. interest on customer balances: Slightly positive
- Non-GAAP effective tax rate: 19% - 20%
- Non-GAAP EPS: ~\$1.43⁶
- GAAP EPS: ~\$1.37

Looking ahead, we are operating with greater clarity and discipline, building a stronger foundation for more durable growth and stronger performance over time.

Thank you for your interest in PayPal,
Steve and team

Footnotes:

1. TM \$, TM \$ excluding interest on customer balances, non-GAAP operating income, non-GAAP operating margin, non-GAAP EPS, free cash flow and adjusted free cash flow are non-GAAP financial measures. "Non-GAAP Measures of Financial Performance" and subsequent tables at the end of our [earnings press release](#) provide reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.
2. Interest on customer balances is reported within other value added services ("OVAS") revenue and primarily comprises interest and revenue earned on customer assets.
3. Impact from PayPal's strategic investment portfolio and crypto assets held for investment was immaterial in 3Q'26 GAAP EPS, compared to a ~\$0.01 positive impact in 3Q'25.
4. Estimated non-GAAP amounts for the full year ending December 31, 2026 reflect adjustments of approximately \$570 million.
5. FY'25 GAAP EPS included a positive impact of ~\$0.14 from PayPal's strategic investment portfolio and crypto assets held for investment.
6. Estimated non-GAAP amounts for the three months ending December 31, 2026 reflect adjustments of approximately \$70 million.

All growth rates represent year-over-year comparisons, except as otherwise noted. This document contains non-GAAP financial measures and forward-looking statements. FX-neutral (FXN) results are calculated by translating the current period local currency results by the prior period exchange rate. FXN growth rates are calculated by comparing the current period FXN results with the prior period results, excluding the impact from hedging activities. Please see [here](#) for important information, including a reconciliation to the most directly comparable GAAP financial measures, and [here](#) for additional information on forward-looking statements.