PayPal Investor Day 2025

February 25, 2025

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PRESENTATION:

<u>Introduction</u>
Steve Winoker, Chief Investor Relations Officer

Good morning, everybody. Welcome to PayPal at NASDAQ in New York City. It's great to see so many of you that I recognize and new faces in the room today and online.

We're excited to share more about the strong foundation in place and the growth opportunities ahead for PayPal. Just a few reminders before we start.

First, materials we're showing today are on our website, as always. And note that our remarks that we're making are forward-looking as well as involving risks and uncertainties.

Actual results may differ from these statements, and our commentary is based on our best view of the world and our businesses as we see them today.

As described in our press release, SEC filings and on our website, those elements may change as the world changes.

So we're joined today by Alex Chriss, Jamie Miller and many of our business leaders across the company. You'll be able to talk to them if you didn't before, after the presentation.

That's part of the exciting element today.

It is a very busy day. You can see it in the agenda, the presentations, the Q&A session and the demos that we have for you over on the left side [of the room]. And finally, for those in the room, a quick orientation on site safety.

In the event of a fire or emergency, there are two exits, both sides of the stage and you could exit either way.

So with that, let me pass it over to Alex.

<u>CEO Remarks</u>
Alex Chriss, President and Chief Executive Officer
Thank you, Steve.

It's great to see you all. Welcome to PayPal Investor Day. I've been looking forward to this day for a while. Let me give you three reasons why.

The first is our team. You're going to get a chance today to meet our incredible world-class leadership team. Just as a reminder, everyone you see up on stage today has been at the company for less than 15 months, except for Frank, who's our old-timer here, who is in a new role.

So a brand-new team that is here for this specific purpose.

The second is transparency. When I got to the company, and I did my listening tour with many of you, one thing that I heard consistently was that you were looking for more transparency, more understanding of the growth drivers of the company. And my hope today is by the time you leave, you will really understand how we measure our success and you will be able to hold us accountable going forward.

The third is transformation.

If there's one takeaway that I want you to have as you leave today, it is that this is a new PayPal. Call it, PayPal 2.0. Call it the next chapter. But we are transforming from a payments company into a commerce platform.

I think you will see that transformation come to life today.

So with that, I want to ground us with what we accomplished in 2024.

We set out and declared '24 a transition year.

I'm very proud of what the team accomplished throughout this year.

We reignited profitable growth.

We reignited our active user growth.

We've engaged users, and we did it in a responsible manner while continuing to operate in a very efficient way.

We set the foundation and set the platform for our ability to now execute going forward.

I'd like to tell the team we earned the right to now deliver on the vision that we want going forward.

So to start with that vision and to really dive into it, let me take you back to the beginning, 25 years ago. When PayPal was founded, it was founded on a very, very simple concept.

It was very difficult then to move money from peer-to-peer or to make a purchase online. And PayPal had a very simple concept to just simplify money movement. After 25 years—and we all stand here today standing on the shoulders of giants—we have created the largest two-sided open platform in the world.

What does that look like, to look at the scale that we've created? Well incredible assets: $1.7 trillion in payment volume last year.

Over 400 million active [accounts], over half of which transact with us on a monthly basis.

We are the number-one branded checkout choice. Trusted by the vast majority of enterprises and merchants around the world.

We have penetrated a very fragmented, very difficult small business ecosystem, with over 20 million small business merchants that rely on us to improve their conversion rate.

When you add all of that up, we are sitting on a gold mine of data.

Six billion vaulted financial instruments and hundreds of AI (artificial intelligence) and machine-learning algorithms that enable us to make risk predictions, personalization choices and really focus on delighting our customers.

So that is the foundation that has been created over the last 25 years.

But we are a customer-obsessed organization.

We are constantly talking to our consumers and to our merchants and asking them, what are their greatest challenges?

When we talk to them today we recognize that there are significant changes afoot. There are shifts that are creating incredible opportunities for PayPal to transform commerce again. Let me walk you through a few examples of what those look like.

If I go online, as a consumer, and I do a search, this is what shows up. How do I make a choice?

How do I know out of all of these choices, which is the one to trust, which is the best price, which is the one that I may get a reward or have some loyalty with?

And if I'm a merchant, how do I stand out?

In fact, as a merchant, I can't stand out.

We have seen that when we talk to our merchants, their cost per acquisition has over doubled in the last 10 years. They are throwing money, especially if they're a small business, into the ether, just hoping that they may show up on the third or fourth page of a search result. And now, on top of all of this, you have new paradigms coming up.

We have a gen-tech commerce in which merchants have no connection to their customer, no payment connection and no paradigm to be able to actually create a transaction.

So all of these shifts, when you bring [them] together, create more and more challenges for consumers and more and more challenges for merchants.

And for us, as the leader, for the last 25 years, we see this as an opportunity for our next chapter.

We see this as our opportunity to revolutionize commerce globally.

In order to do that, we need to transform who we are as a company. Let me walk you through what that transformation looks like.

First, we need to go from being the PayPal that you know and love just online, to being available everywhere—online, in-store, in gen-tech. Everywhere a consumer or a merchant wants to transact, we need to be available.

We need to go from a one-size-fits-all experience to ensuring that we can create personalized experiences, leveraging the data, leveraging the information that we have about each and every one of our customers and each and every one of our merchants to help them find each other.

We need to go from that amazing static Buy button to having something that is now much more dynamic, a wallet that is not just a collection of instruments, but something that is giving the consumer the opportunity to make the smartest choice and put more money in their pocket when they need it the most.

We need to go from just being a payments processor to now thinking about the end-to-end commerce journey—how do we help our merchants find that next customer?—all the way through to helping them in a post-purchase environment and bring[ing] that customer back in as an ongoing relationship. And lastly, we need to go from our own collection internally of different independent platforms, to ensuring that we are leveraging our data, taking advantage of AI and working from a single platform going forward.

So this is the transformation journey that you're on and what you will hear specifically throughout the rest of the morning.

But let me take you for a moment on a journey of what this looks like. And as we go through this, you will start to see our commerce platform come to life.

This is not future, years from now. This is happening now. This is a commerce API (application programming interface) that we are already working with merchants on to start to create the experiences that I described, and I want you to see what this looks like.

So let's start where many of our consumers start, which is something that makes sense.

I got invited to go camping.

It often happens with the incredible asset we have on a peer-to-peer platform, I get invited by my friends to actually chip into a camping pool. This is a new innovation that we just launched on PayPal called Pools.

So great. I've now chipped in my $500 to go camping. Unfortunately, I haven't gone camping in a long time. So I'm not going to have any of the equipment to be able to do that. So I now need to go make sure that I am prepared for this trip.

So I go online to my local sporting goods store. And this is what I see.

We've hidden the name of the store, but this is an actual screenshot, if I, as a consumer, just go to a sporting goods store. This is a terrible consumer experience. This is an experience where I now have to go filter through and try to figure out what I need for my camping trip.

And as a merchant, this is a terrible, friction-filled experience as well. They want to get me to the right item at the right time. Instead, they're just guessing as to what I may be interested in.

We think there's a better way. We think we can take the data, the assets that we have and the 2-sided network that we have and create a better relationship.

So let's imagine what we're already starting to deliver.

I should be able to go to a website and actually have it personalized for me.

We should be able to leverage a commerce API that PayPal can provide, to actually let the merchant know that I'm on a camping journey.

On top of that, we should be able to do things like create a consumer profile.

We already have over 80 million profiles of consumers that start to share information like the journeys that they're on, the items that they're interested in, their favorite colors, their shoe size. So now the merchant can actually create the exact customized, personalized shopping adventure for them.

I now get to see the boots that I need. I get to see the color that I'm interested in. I get to see that it's in my size.

And I already know that I have PayPal loaded up and ready to go, so I can create a buy now experience right now.

On top of that, when I actually get to check out, they know that I'm an Amazon Prime member, so they can offer free shipping and just reducing any friction to the purchase experience.

This is an incredible personalized experience that by the time I get to the end, I have now an end-to-end experience and loyalty already built in with this merchant. This is a very different experience than what exists today.

So that's an online ecommerce experience.

But what about in-store?

Right now if I'm walking around, there is no engagement from an in-store experience.

The best we've done over the last decade is to take my physical wallet and just put it on my phone.

So now I have all my instruments, but it's still just on my phone. There's no engagement. There's no better understanding in an offline environment than just being able to tap to pay.

But we think there's a better way.

We think we can engage with merchants and let them again know who you are from a personalized experience and let them know that this is an opportunity to provide a discount, to provide some loyalty, to leverage the ability for me to be in the right environment of this sporting goods store and say "Hey, you're right here right now. Why don't you come into the store. We know that you're on a camping journey. Let me give you a discount because you're a new customer to us and the cost per acquisition that I would have paid to try to get you, I would rather just put in your pocket to have you check out with us right now."

On top of that, I can actually have that loyalty. It's almost impossible for me to get a loyalty card into your wallet. Why not have it just show up into your PayPal Wallet? It's activated, it's available and it's automatic when you check out.

Then from a consumer standpoint, this smart wallet that we can create, I now have rules that I can take advantage of. So not only do I have the loyalty and the savings that is already built in, but I also have things like rules of my cash flow.

I'm in a cash crunch right now. I've set up rules so that if I'm making a purchase that's over $500, I want it to automatically leverage Buy Now Pay Later. And we can make this happen right now in our smart wallet. So that by the time I go to check out and I do tap to pay, Buy Now Pay Later is taken care of. The payments are already set up, and I'm not worried about it.

All I have is my tent. I have my sleeping bag, and I'm ready for my camping trip. This again is a completely different off-line experience.

And lastly, let's take it to what the future could look like. Right now AI is actually quite incredible. If I go in and ask it, hey, what do I need for a camping trip, it will give me really good information, but very generic information and nothing that's actionable.

As we start to evolve and we start to bring together these LLMs (large language models), AI, merchants and consumers, there is going to need to be a commerce platform that stitches all of this together, a platform that consumers trust with their instruments and their data that can connect to merchants, of which we already have tens of millions and can then leverage the power of AI.

What could this look like?

Again I go on my camping trip and I type it in, how do we enable these LLMs to start to gather the profile data that PayPal already has on our consumers. How do we start to now make it so that we're able to let the LLM bring up the right products at the right time with Buy Now opportunities, because they already know exactly what the PayPal instruments are. Updating your shopper profile, enabling you to be ready to check out.

And when you bring all of this together, whether it's in-store, whether it's online or whether it's agentic, we now have an incredible experience that has changed the game for commerce, brought consumers and merchants together in a completely different way. This is just a small glimpse into the type of commerce API and commerce experience that we're starting to create.

So when you pull back, this is the strategy that we're looking at. How do we build a commerce platform powered by an API that our merchants have access to, that enable our consumers to pay everywhere, pay the way they want, and ensure that they're getting the most money and the most value, the most rewards and the most loyalty, with every purchase.

And from a merchant perspective, we want to not only deliver an incredible payments opportunity, but we want to do what's most important to them, which is help them drive the next customer, the right customer, in the right ROI (return on investment) and then ensure that they're operating as smart as they can.

And we want to do this online, we want to do it in store, and we want to do it for the future in an agentic world.

As we do this and as we move into this world, we open up additional addressable markets.

We obviously have played very well in the online payment space but are still scratching the surface of the opportunity.

But we are now moving into offline commerce, and we are moving into ads, overall marketing budgets, credit, and continuing to expand the growth levers that we have as an organization to delight our customers.

And we're well on our journey.

As you will see for the rest of the day we've hired an incredible team. We've declared this mission. We are starting to build the platforms, which you will see come to life today.

We have built and brought in tremendous talent over the last year in AI and technology to ensure that we can deliver on this.

We are moving very quickly. '24, as I said, was a year that we needed to bring the company back into profitable growth.

But as we look into ‘25 and beyond, we are realizing our commerce vision immediately.

So when you hit the total key, what does this all look like?

Well, we’ve committed [in our] guidance to grow greater than 5% in transaction margin [dollars] in ‘25.

As we look out into ‘27, we see high single-digit growth for transaction margin [dollars]. And as we think about all the levers for growth that we have into the future and this transformation into a commerce platform, we believe and have our ambition that we will deliver double-digit transaction margin [dollar] growth into the future and deliver it responsibly, with 20% plus non-GAAP EPS growth.

So this is our vision. This is what we look at as we look into the future.

We are maniacally focused, and what you will hear throughout the rest of the day is our strategic imperatives that I laid out at our last earnings call: where our teams are focused and executing, and they are all in line with the vision that I just laid out.

We will win checkout. We will scale our omni experience. We will grow Venmo and we will accelerate our SMB (small and medium business) penetration.

And as we do all of that, we will get to a place where we will build on the foundation that we’ve created as an organization, the largest two-sided open platform.

We will ensure that we now move into these new addressable markets with velocity, with innovation that delights our customers. We will do it online, we’ll do it in-store, and we will do it in an agentic world. And we will deliver incredible results as we move forward, not only in ‘25, but beyond.

So with that, I’d love to bring the team up and ensure that they are able to expose to you all the details and the how of this vision, and we’ll start with our Chief Technology Officer, Srini Venkatesan.

<u>One PayPal Platform</u>
Srini Venkatesan, Chief Technology Officer

Thank you, Alex. What an exciting vision.

As Alex shared, we are on a journey to become the go-to platform for shopping everywhere.

As we accelerate towards this vision, one thing is clear. Technology is key to unlocking the exciting future.

Today I’ll walk you through four key investments in AI and technology that will deliver powerful experiences for our customers and merchants.

It starts with our scale.

We are one of the largest, most powerful data sets in the world.

We have 430 million consumer[] and merchant[] [accounts] across 200 markets.

We process $1.7 trillion total payment volume every year.

That's approximately one-third of the world's commerce, the equivalent of GDP of Australia, every year.

We also track 20 trillion customer interactions. This has created a valuable data vault that is more than 500 petabytes large. That's 500 petabytes.

But it's not the quantity of our data that sets us apart. It's the depth and breadth of our data that no other company can rival.

Data is crucial for merchants in today's fragmented shopping environment. But they are limited to activity solely within their own brand, obscuring a complete view of customer behavior. PayPal's vast and unmatched two-sided network creates a rich tapestry of insights across millions of merchants, unlocking a holistic view of the customer well beyond a merchant's typical view.

This level of intelligence helps the merchant personalize that delights our customers with rewarding shopping experiences, creating a powerful flywheel effect.

We offer this, across not one merchant, but tens of millions.

However, we face a significant challenge. Today our data is scattered across disparate systems. This slows us down. Unifying our technology is my number one priority. I'm proud to share we have already started with four initiatives: One Platform, One Profile, One Process, all Powered by AI.

Today I'll walk you through the initiatives and the positive results we are seeing. Let's start with One Platform.

As we have grown over the years and acquired new products, each product ran on an independent platform for speed and agility. They say, if you want to go fast, go alone. If you want to go far, go together.

Our past served us well for years, but as we accelerate towards our transformation, it's slowing us down in two critical areas.

One: our velocity. Today similar capabilities are individually built and maintained across each product, resulting in a drain on resources.

Two: our customers' experience. Today if you sign up for new PayPal products, you'll find varying onboarding processes, features and preferences.

Our North Star is One Platform: a common chassis that we orchestrate behind the scenes, unseen by the consumer.

Our core capabilities move up to the chassis. We can build once and use for all.

This allows us to bring best-of-breed services to market faster for every customer, no matter which product they are using.

Likewise, with PayPal Open, merchants can access the full PayPal ecosystem, regardless of which integration they choose.

Today PayPal and Xoom are unified, making it possible to send foreign remittances through the PayPal app, no Xoom login required. Zettle has started it for the first half of this year, followed by Venmo, Braintree and PayPal Complete Payments.

Let's talk about One Profile. We are moving to one single view of our customer. Today we capture a customer's activity and preferences across each product. With One Profile, we are combining these insights to reach our customers in a powerful, delightful way. This was illustrated in Alex's camping example.

We have four additional experiences that bring this to life.

First, seamless interoperability across products. It can now search accounts across Venmo and PayPal. This is just the beginning of what we can unlock across products.

Second, we can now underwrite and extend more opportunities to customers with less effort. Here, you can see Venmo users receive personalized offers based on their unified financial profile.

Additionally, we can create personalized shopping experiences. With our view of the customer size and hobbies, we can enable the merchant to show the right shoes and start in the right size.

Lastly, we can improve our customer support interactions. With the view across products, we can predict why a customer is reaching out, and in some cases, reach out before they even need assistance. As valuable as these rich experiences are, we know that when it comes to commerce, speed matters.

We are modernizing our systems, are on a journey to be cloud native to provide our customers and merchants with the fastest experience. This will be one of our most impactful modernization efforts to date.

Take a look at this map. Today, no matter where you are in the world, when they engage with PayPal, the request travels back to our systems in the U.S. and back again. This is felt most acutely in our furthest regions.

With our new geo-based strategy, we have moved our edge closer to the customer. Next, we will move our apps and services. This journey unlocks our ability to scale as PayPal grows an area ripe for innovation with the tools and flexibility needed to rapidly build and deploy, and the best performance, no matter where you are in the world.

Historically, our journey to the cloud was a lift and shift of our current architecture from our data centers to the cloud. To fully realize the potential of cloud, we must modernize our applications and processes to be cloud-native.

Over the past 18 months, Braintree has moved completely cloud native.

We have seen a 20% reduction in latency of services and 2 to 3x faster time to market. To bring this to life, we can now deliver a concept to production in less than 30 days. This used to take three to four months. That’s a really big deal.

As we unify our platform and modernize our infrastructure, we are also standardizing on one unified development process.

Over the past six months, we have streamlined a complex development system to enable faster releases and accelerated speed to market.

Today our top applications have moved to this process. And here are the results we are seeing: 50% improvement in lead time, time from concept to delivery, 40% increase in speed of build time. This has enabled our check out app to move from weekly releases to daily, up to multiple times a day. In the next few months, all developers will be on the same process.

But no development process is complete without AI.

As we have streamlined our process, we have taken the opportunity to add AI agents. These agents have helped developers create unit test cases in minutes, which used to take two to three sprints, update their applications to Java 17 in five hours compared to 30 hours, and reduced time spent on coding tasks by 10% to 30% with our AI-powered code assist tools.

Next up, we’ll also use AI agents to update our C++ legacy code.

We are undergoing a parallel transformation internally with our PayPal employees. This year, we are unleashing the power of AI tools for every employee. This is EVA (Employee Virtual Assistant), PayPal’s safe, secure, encouraged Gen AI assistant currently rolling out to all PayPal employees.

EVA is connected to internal PayPal systems, combining the best of Gen AI with the data and tools employees need.

Here’s one example of how we are leveraging AI internally at PayPal. Today PayPal manually handles thousands of compliance cases annually. Analyzing interactions between just two accounts can take an investigator days.

With AI, we can now analyze patterns five counterparties away in minutes, revealing trends that are beyond human detection, from days to minutes. These are examples of how AI is improving productivity across the entire organization.

Now let's talk about what AI can do for our customers.

As you heard from Alex, we have a strong customer-backed mission at PayPal.

We often ask ourselves what pain points are our customers facing today that the world of AI can solve? We know consumers spend a lot of time optimizing the cash back and rewards. But with so many systems to remember, they are often unsuccessful.

To address this, PayPal utilized AI to collect all the credit cards terms and conditions and analyze the optimal credit option for each purchase category.

With our AI model in hand, we put it to the test and this is what we found: when we ran 10% of the eligible monthly transactions through the [test] model, it revealed that shoppers would have saved $50 million had they let AI select the best credit option for the purchase.

If you can imagine that for all of our transactions, the amount of money we could be saving for our consumers is massive. This is a great example of dynamic, personalized commerce everywhere.

And it's just the beginning of our wallet getting smarter with AI.

We also asked ourselves, how can new and emerging AI such as agentic AI, delight our customers?

People are increasingly using Gen AI for shopping research. However, today there is no option to make a purchase. We have already started development on an agent within the PayPal app. Customers can prompt the agent to research what they need for a camping trip, or ask it to reorder a recent purchase.

With PayPal's profile and identity context, you can seamlessly place your order. Likewise, our strategic partners could leverage PayPal agent to augment their context and to complete the purchase.

To sum it up, One Platform will standardize and increase our velocity. A single complete picture of our customer profile powers the personalized experiences that only PayPal can provide. One Process improves our productivity, and a modernized infrastructure increases performance.

And lastly, AI: the accelerant that is activating our global workforce and bringing innovation back to the core of PayPal.

Look, this is why I came to PayPal. Throughout my career, I've seen how technology can transform the lives of consumers and merchants. But the impact has always been limited to just one merchant. At PayPal, we are out to revolutionize commerce for millions.

And PayPal has the technology, data, security and customer trust to get it done. And like I said, we are just getting started.

Thank you. Let me pass it to Diego.

Drive Consumer Selection and Monetization
Diego Scotti, GM, Consumer Group

Thank you, Srini. And good morning, everyone.

It's great to be here with you today, to share our consumer strategy. But before I get into our plans, I really want to touch on four important points that you may not know about the consumer business.

First of all, we have two powerful and trusted brands. A lot of companies, they are lucky if they have one. Well, we have two. This really sets us apart. PayPal and Venmo are among the most trusted and valued brands globally.

Second, we heard this before: we are a global leader. We have over 430 million customer accounts across more than 200 markets worldwide. And here's the thing: nearly half are outside of the U.S.

Third, we have the largest installed app base, more than 3x the size of our next largest competitor. And what's very important is that we are platform agnostic.

You know this very well. This is critical, because the next generation of customers will engage through the apps. Like they say in real estate, it's location, location, location. In our case, it's apps, apps, apps.

And fourth, as you can see here, we have the most comprehensive product suite in payments, hands down. Now the strategy I will share with you really starts with and builds on where we've always been. But as Alex says, it is also an evolution of our business to drive durable growth.

Our two brands helps us appeal to the widest set of consumers, and we have a winning strategy for each one of them.

So let's start with PayPal.

Branded checkout is the heart of PayPal. And every business in the company has a critical role in driving it.

So on the consumer side, it's all about selection, consumer selection: how we drive consumers to select and demand PayPal at checkout. But it doesn't stop there.

Our strategy also drives engagement across our ecosystem of products to increase monetization. Later, you're going to hear from my colleagues, Frank, Michelle and Suzan about how the checkout experience will also drive conversion and how we are going to scale merchant adoption.

Now as we always do, let's start with the consumer.

So PayPal's value proposition resonates across all demographics.

But we are maniacally focused on young families and individuals in their 30s and 40s who have medium to high incomes. This is a very important distinction. They want convenience, and they want to make the most of their money.

So for them, we want PayPal to be the easiest, the safest, and the most rewarding way to pay, to send, and to save money, which makes us the smartest way to pay.

Now there are three pillars that underpin how we drive selection and answer the question: why PayPal? Pay everywhere, Pay your way and Get the most value.

Now let me give you an overview.

So starting with Pay everywhere. Consumers choose PayPal because they can use it for everything. Our strategy is to be top of mind. So either if you are omnichannel or you're sending P2P (peer-to-peer payment), or even if you're doing crypto with us.

This is very critical because we know that the more you use our products, the more their checkout selection grows. That means that we're driving habituation.

Second is Pay your way. There is a new frontier to being easy. Yes, checkout has to be fast and you're going to hear a lot of that today. We will be.

But we're also going beyond. Our focus is on innovation.

We will make checkout seamless and frictionless end-to-end and it will go all the way to support our consumers post purchase.

Then: Get the most value. We are going to turbocharge rewards and purchasing power like never before.

Now what is really important is that if you look at these numbers, every stat that we have in this page shows that every consumer product leads to checkout.

That is a very important distinction for our strategy. That's why it's both about having an amazing checkout experience, but it's also critical that we build and we nurture a consumer product ecosystem that drives engagement, that gives us more ways to monetize and that keeps reinforcing selection.

So now let me give you more detail on the execution of the three pillars of our strategy.

So let's start with Pay everywhere, which includes how omnichannel, P2P and crypto will drive habituation.

So first, as Alex said, PayPal is omnichannel. Our consumers can now use us online and in-store through debit, tap to pay, credit, and Pay Later products. Last year, we launched PayPal Everywhere in the U.S., and we're seeing incredible results, like an increase in checkout penetration among debit card users.

Listen to this: every time we had four debit card actives, we had one incremental checkout active. And not only that, but our TPV (total payment volume) on [our PayPal-branded] debit card has grown 100% year-over-year.

So PayPal Everywhere is expanding both checkout and share of wallet. This year, we will expand PayPal Everywhere into more markets, starting with the launch of our NFC (near-field communication) wallet in Germany, which is very, very exciting.

Next up is P2P. Our users can send money virtually anywhere and everywhere. It's a cornerstone of our consumer ecosystem and user acquisition strategy. 30% of our new users come from P2P and over $10 billion of P2P funds are re-spent through checkout. So not only does P2P bringing new users, it keeps them engaged.

We will continue to innovate on P2P with new features. Soon, we will let you send money instantly to bank accounts and mobile wallets for some cash and digital currency like crypto, nearly anywhere in the world. This is something that only PayPal can deliver.

And listen to this: anyone, even outside of our network, will be able to receive payments with text or messenger through PayPal. That's pretty exciting.

And finally, let's talk about crypto. So PayPal was the company that brought the world offline to online. And now we are the ones taking it from online to on-chain.

We started by being a safe place to buy, sell and hold crypto. We're seeing explosive growth as our consumers use it more and more for transfers and payments. We are very excited because PayPal consumers can use crypto to pay in millions of PayPal merchants, right there in our app. So we integrate buying, sending and spending, all with the safety and trust only PayPal can provide.

We're excited because we're building something truly differentiated. So our consumers won't want to do crypto anywhere else.

Now let's switch and talk about our second pillar of the PayPal strategy: Pay your way. We're making checkout more frictionless for consumers. New vaulted experiences will make it easier than ever to set up PayPal for a seamless, almost invisible checkout.

We will be launching a subscription management hub so that customers can add and cancel their subscriptions, all in one place. All of this because we know that when users choose us once on subscriptions and recurring payments, that means they are choosing us every time at checkout.

And the PayPal Wallet will get smarter. Soon, all of your offers, rewards and loyalty programs will stack automatically and be applied automatically right there in the app.

So let me give you a few examples of what this might look like. So consumers will automatically earn and burn merchant rewards at the point of sale. This will stack on top of their PayPal rewards and their personalized offers. So they get the most out of every transaction.

And users will then set preferences that automatically switch on features like Buy Now Pay Later, right there in the store. So they also get maximum flexibility.

Then it's post-purchase that builds loyalty with features that simplify and add value. This includes smarter receipts, making it easier to track packages, manage returns and refunds, and personalized insights that make future shopping experiences better by remembering a lot of very key important details from your preferences: colors, sizes, styles, et cetera.

And now the third and the final pillar of our PayPal strategy: Get the most value. We want our customers to keep coming back because of how much value PayPal unlocks for them.

So let's start with Pay later. We want to be the best Pay later, period. And how? By being the only ones who offer maximum availability, affordability, and choice.

So let me explain one by one. Other BNPL (buy now, pay later) companies are still expanding their networks. Well, PayPal's scale is a clear advantage. Almost anywhere you PayPal, you can Pay Later. That's incredible. And you can manage your payments right there in the app. That's what I call maximum availability.

Also, our amazing products have no fee and no interest options. That's maximum affordability.

We give customers lots of options to choose from, based on their needs. That's maximum choice.

This used to be just online. Now we're bringing this in stores too. And these products are going to show up big in our marketing. Yes, in a very big way.

And next on Getting more value is rewards: integrations with third-party loyalty programs and a new PayPal Rewards program which will reward the entire customer relationship, from sending P2P, to checkout, and even buying crypto. Very exciting.

And now the last component of Getting more value: ads and offers. PayPal ads is not just another ads business. It is the engine to our commerce platform that Alex described. We're already seeing a 65% lift in checkout when users enroll in our save-on-a-merchant offer.

We're just getting started. We can serve consumers at our own services, like our app, but also off-site, at our merchant and media partners.

So let me give you an example. Imagine, you're watching a show on your streaming platform, your favorite streaming platform. But instead of another random ad, you see an ad that's targeted to you with an offer that you actually want and the offer is already saved for you in the PayPal app. And you can check out with a single tap.

We're building something that is very differentiated, that only few others can build. We're building the future of commerce..

So there you have it. That is the PayPal consumer strategy. And let me speak a little bit about what does all this mean for monetization?

Just look at those numbers. When consumers are engaged across our many products, they're worth up to $94 per account [ARPA], compared to $5 for consumers who only use P2P. That's pretty exciting and remarkable.

But what's even more exciting is if you look at the penetration of these products beyond P2P and checkout, it's still so low. We have tremendous opportunity to keep driving growth, and that's our strategy.

This is not just a theory. We already have great momentum in our business. Our cohort of power users grew by 10% last year. And our inactive users declined 4%.

We're driving engagement, which means our strategy is working. Let's switch gears now and talk about Venmo. Few apps are more deeply ingrained in the lives of young people than Venmo. How many times do you hear, or even say yourself, Venmo me or I'll Venmo you, right? The name is the category.

What's exciting is that we're building something even bigger than a P2P app. We are evolving Venmo to become the next generation's go to money movement app.

So what do we mean by that? Let's dig in, into the Venmo strategy, to bring this to life. As we did with PayPal, let's start with the consumer.

Our user base is already affluent. It has a higher penetration of mid- to high-income consumers than our competitors. This, coupled with the engagement that we have in our app gives us a clear advantage to monetize these high spending levels.

We serve a lot of different customers across the U.S. But what we wake up every morning thinking about, is how we deliver on the needs of young urban affluents. You know them. They are recent college graduates or young professionals. They are working hard, but they're also living their lives, having fun with their friends. They are splitting rent, rides, and restaurant tabs. They are spending in the neighborhoods where they live and they work.

And they want money to move as fast as they move: instant, effortless, mobile first, all in one place.

Let me now take you through the five steps of our strategy designed to serve the needs of these customers. There is an intentional sequence to this strategy.

So let's start with being the best P2P, which is obviously where the money comes in.

We are the leaders on P2P today and we will continue to innovate to expand that lead.

So let me give you some examples. Last year, we scaled our groups feature. Alex mentioned this for PayPal. We did this for Venmo.

So for your next ski holiday with your friends, if you're planning one already, now you can save money as a group *and* split the costs. So far, our users have created 400,000 groups in 2024.

In October, we launched scheduled sales, making money moving even easier particularly for high-value use cases like rent payments.This year, we will bring even more advancements to search and discovery, making the experience even better.

Here's another amazing thing: we are building the base of the future. Our teen base has exploded by nearly 150% year-over-year. It's pretty exciting and remarkable.

Then we are going to enable our customers to use their P2P funds to shop omnichannel. Venmo processes over $18 billion in P2P flows monthly. That's an incredible number. This gives us the opportunity to convert these funds into monetized spending.

We're going to do this through Pay with Venmo, which is already an incredible experience. You can then shop online, make purchases like booking a trip on JetBlue, or ordering on DoorDash.

Then we're going to do this through the Venmo debit card with tap to pay for offline spending. You can think about local restaurants, shops and more. What is very exciting is that both of these products are in high-growth mode.

Next, we want to drive even more spending on Venmo.

So capitalizing on our incredible engagement that's already there, we are going to integrate experiences right there in the app and in our feed.

So imagine you use Venmo already. So for example, to buy tickets to go to a concert with your friends.

So you're going to see that your friends are doing that. So then you can buy tickets right next to them, right there, without leaving the Venmo app. And think about it: this is not just booking tickets for concerts, it could be booking rides, get restaurant reservations, and even book a new local yoga class, which is going to be a great tool for the small businesses.

The best part is we are connecting consumers to merchants and merchants to consumers in a big way. That is the magic of Venmo.

And then we are going to drive even more funds in. With our new strategy, customers will want to bring their money into Venmo and we will make it easier and more compelling than ever, no matter where they keep and earn their money—so whether that's through direct deposit, gig economy payouts, or investment platforms. With enhanced money management tools and rewards, we will add even more reasons to bring more funds with Venmo.

And finally, in the sequence, is rewards.

We are going to reward our customers for their whole relationship with Venmo. We believe that we keep customers coming back by building a relationship, one that is based on giving them more value for everything they do with us.

So that's our five-step Venmo strategy. And let me share, as I did with PayPal, what this means for our opportunity to monetize and why we are confident that our strategy is going to work.

P2P is our killer use case to get people engaged with our ecosystem. Then when we get them to start spending with us in-store and online, their ARPA (average revenue per account) rockets up to $67 and goes even higher to more than $100 when they also start to bring funds in.

And while we're already having a lot of engagement on P2P—look at those numbers of penetration—we still have so much opportunity to drive more penetration across our ecosystem.

We are very excited about where we're going with Venmo and the opportunity.

But we're also excited that we're not just talking about something that, "it will come." Whereas we're already talking about the results we're already seeing: a 24% increase in users monetized beyond P2P in 2024, 12% growth in ARPA year-over-year and 50% growth in Pay with Venmo merchants. This is really strong progress.

So what does this mean for Venmo's financial performance?

The formula is simple.

We're getting more consumers engaging at higher levels with our monetized products. Ultimately, our plan will enable us to grow Venmo revenue to more than $2 billion by 2027.

So let me conclude by saying very simply, we're focusing on three key outcomes. Going back to the beginning: driving selection rate, first and foremost. Two, accelerating or increasing our per user monetization. That's the two sides of our strategy. And third, accelerating new revenue sources.

Our strategy is clear. It's designed to drive durable growth. And what's most important: we are on our way.

So thank you. And let me now hand it over to Steve that is going to take us forward. Thank you very much.

Steve Winoker

Thanks, Diego. Thanks, Diego. Srini, Alex, that was fantastic, exciting, love hearing the words durable growth for me anyway. Before we go over to Frank, Michelle and Suzan, we're going to take roughly a 15-minute break right now. Please be back in your seats then.

If you go over to the marketplace area, you'll see a number of PayPal merchants such as Flatbush Granola and Sun & Swell.

So enjoy yourselves, get a coffee, et cetera, and we'll see you back in 15 minutes. Thank you.

(Break)

<u>Win Checkout</u>
Frank Keller, GM, Large Enterprise

Welcome back.

I hope you are all well caffeinated, so you don't fall asleep. I'm super excited to be here. You heard Alex, you heard Diego, you heard Srini. Diego spoke with you about the consumer side of our network.

I am here to discuss the merchant side. I'll cover three things. First, how we have reimagined our checkout experiences to drive growth.

Secondly, how we drive profitable growth in our enterprise processing business, also known as Braintree; and third, and finally, how we support our merchants as we look into the future.

So PayPal is not only the smartest way to pay but it's also, for merchants, the smartest way to get paid.

And that's why PayPal Checkout is at the core of our flywheel. Diego already talked about this. This is our branded checkout growth formula.

As you see, the checkout experience is at the center, connecting the merchant and the consumer side.

So for consumers, it needs to be fast, it needs to be easy, and it needs to be personalized. And for merchants, it needs to drive conversion.

Last year, we've been laser focused on reimagining our checkout experiences. So let me tell you what we have accomplished.

As you see here, there are essentially three core checkout experiences: vaulted, one-time and guest.

So Vaulted is our best-performing experience.

It is ideal for repeat purchases: think of ride share, food delivery, et cetera.

Then there's one-time. It provides the full flexibility every time you pay, like in traditional retail and on marketplaces.

Then there's guest checkout. That has a lot of friction.

But it's almost 40% of global ecommerce, often used in low-frequency scenarios. This is why we've innovated with Fastlane by PayPal. I want to double-click into each.

What is a vaulted payment? Imagine that you open a new ride share account. During setup, you need to choose a default payment method.

So when you ride, you're focusing on getting from A to B and the payment actually automatically happens in the back. This is when PayPal is vaulted.

We're having an outstanding conversion rate of 95%. That is because our wallets are powerful. We have multiple payment methods. So payments rarely fail.

But we had an opportunity to do even better during sign-up, log in and how fast it is. So let me take you through these.

When a merchant presents a user with payment options, they don't know what to prioritize. Alex called it, they're guessing. So this is where we've developed the payment-ready signal. It arms merchants with the information they need to prioritize our customers. They're PayPal, Venmo or Paylater users.

As an example that you see here, with the payment-ready signal, it moved from initially third place up to the top of the stack for a recognized PayPal customer.

Secondly, we took the friction out of login with biometrics. Log-in is painful, especially on mobile. Nobody enjoys typing in user names, remembering passwords. So biometrics eliminate the hassle and make it easy. As you see in this example.

Log-in success rates of the new experience are significantly higher. They're 96%. On top, it's even more secure. Our new log-in experience is fundamentally better, especially on mobile.

Third, we've dramatically increased the speed of our checkout experiences. Last year, we have completely rebuilt our 20-plus year-old checkout code base, making it faster and better. And as a result, latency is down by over 40%.

But we're not stopping there.

As Srini mentioned, we're moving to the cloud, which will further increase the checkout speed for our global customers. And let me tell you, we're very pleased with the results of our early adopters.

If you take it all together, consumers have less friction when they select and log in into PayPal. Merchants get higher converting customers, and PayPal is getting a bigger share. So I call that a win, win, win.

With that, let's look at one-time checkout. This is when a consumer actively selects PayPal for every purchase, like in classical retail.

It gives the consumer flexibility, especially on high order values, as they might want to pay over time, utilize credit, maximize their points, like when buying an airline ticket. When merchants offer our trusted brand at checkout, they see a 33% conversion lift.

We, again here, saw further opportunity to make checkout even better, to make it more modern and streamlined.

We have completely redesigned the pay sheet to make it slick and take out the cognitive load for consumers. The new design guides the consumer through three simple decisions they need to make during checkout. When to pay: now or later? How to pay: with PayPal balance, bank account, debit or credit card? And last, the shipping details. And let me tell you, it works beautifully, especially on mobile.

We see an over 100 basis points conversion lift. That's a big deal.

And now this is actually different. We went one step further. We made the design modular so that the experience can adapt to the individual need of a consumer. With that, consumers not only get a slick checkout, they receive a personalized shopping experience.

And as you can see here in this Pay Later example, we can now show a consumer that they're clearly being preapproved. This drove a 20% lift in Pay Later usage, and it doubled the first-time Pay Later users.

So let's move over and talk how we have innovated guest checkout. When we stepped back, we saw an immense opportunity to bring more consumers into the PayPal ecosystem and ultimately, the branded checkout flywheel.

As mentioned, data entry is a key challenge for consumers, and it's painful for merchants. A staggering 54% of consumers drop out of the guest checkout, directly impacting merchant's bottom line. To seize that opportunity and to streamline guest checkout for consumers and for merchants, we have built Fastlane by PayPal.

We're well positioned to do so, thanks to our trusted brand halo. And Fastlane is showing excellent results. Consumers are opting in.

In fact, we already have in our network more than 170 million accounts in the U.S. that are Fastlane-ready. And merchants are seeing a significant conversion lift. Over 50% in the guest checkout. So for PayPal, it's a meaningful opportunity to increase our overall share of checkout.

We're now focused on rapidly scaling the merchant side with partners like Big Commerce, Adyen, Fiserv and more.

Now this is important. Fastlane fuels our branded flywheel with the second opportunity to bring consumers into our ecosystem. Let me tell you, we're watching Fastlane user cohorts extremely carefully.

And what we're seeing is interesting. 25% are new to PayPal. Over 50% are inactive, meaning they have a PayPal account they are no longer using. So it becomes a great channel for us to engage new or lapsed users with branded checkout.

So as you see, Fastlane is part of our holistic approach to growing PayPal branded checkout.

As these experiences are now delivering results for customers and for PayPal, we're now focused on bringing our new checkout experiences to a global scale.

Today we've already scaled to more than 30% coverage in the U.S. Soon, we'll start rolling out to the U.K., to Germany, followed by the rest of the world.

As we continue to drive results for our customers, we will phase out our old experiences. And that is important so that our consumers around the world get a consistent, modern and fast checkout experience wherever they shop.

You'll hear more about merchandise option from Suzan later.

So I know you're all interested in understanding our growth expectations for branded checkout.

Our plan is to accelerate [branded] TPV growth to between 8% and 10% by 2027.

We will measure success by growing our new experience share to over 80%, growing Pay Later usage by more than 20% and growing Pay with Venmo by more than 40%, as you heard in Diego's section.

So to summarize, we have a rigorous plan to drive checkout growth. We're reigniting consumer selection. We have reimagined our checkout experiences and innovated with Fastlane, and those are highly performing to exceed merchant and consumer needs.

And now we're laser-focused on scaling them across our global merchant base. When we talk to merchants, they are impressed by our new experiences, which opens stores for having much more holistic conversations about how we help them, driving their business.

With that, I'd like to turn to the second part, which is our enterprise payments business, which you all know as Braintree. I'm proud that we have made significant progress last year, by building this business, bringing this business back to profitability.

I am excited to tell you more about how we grow from here. Let me tell you, we have a leading enterprise payments platform.

It's scaled. We have processed over $570 billion last year with leading authorization rates.

We're global. We're serving some of the largest brands around the world.

We have a strong suite of value-added services, which is for PayPal, [a] massively untapped opportunity.

For those of you in the room who are not familiar with the platform, I want to quickly walk you through.

So there's payment processing. This is processing debit and credit cards. These are alternative and local payment methods, and of course our own checkout options.

We have a suite of value-added services that are powered by the data from our network, and we have orchestration, which is critical to our open platform strategy. I want to explore with you our growth strategy that will drive accelerated and profitable growth.

I want to take you through the three pillars: expansion of our processing, how we're scaling our high-margin value-added services and how we're scaling our open architecture approach.

Let me start with a major leap for our payments business.

We're going to expand our total addressable market into omnichannel processing. We've announced this morning that we have enabled this with a strategic partnership with Verifone, a global leader in point of sale. With that, we will be able to serve omnichannel merchants around the world with a cost-effective and highly scalable approach.

I'm super excited to unlock this opportunity as it means many new possibilities for PayPal to seamlessly connect the online and the physical world.

In addition, we're laser-focused on geographic and vertical expansion. 70% of our business is currently concentrated in North America. Thus, we have a massive opportunity to grow internationally, where we see higher margins. To do so, we're strengthening our localized capabilities and our localized go-to-market.

We also see an opportunity to grow faster through a vertically-segmented approach with tailored offerings that address the unique needs of each vertical, all the way from product to sales.

The second pillar is about unlocking the margin opportunity of our strong suite of value-added services that are powered by the data of our two-sided network.

I want to give you a couple of examples.

So we have payouts. Think of gig economy. This is where we pay out to SMB sellers or solopreneurs in over 200 markets in many currencies.

This is also fueling our network. More than half of those funds actually go straight into PayPal or Venmo wallets. And Michelle later will talk more about our SMB strategy.

There's risk, fraud and payment optimization services. They are powered by AI and ML models that are trained on our global transactions across the network, which is saving our merchants dollars and time.

Then we've just externalized our FX services for our cross-border merchants to remove the complexity and headache while also saving them cost.

We're now focused on scaling them effectively across our customer base to enhance the margin profile of our payments business. And lastly, there's orchestration, which is at the core of our open architecture approach.

It allows our merchants to expand globally and quickly enable new use cases without the tech and organizational burden of doing everything themselves, which means merchants need to connect only once to us, to get access to the whole global ecosystem.

What you actually might not know is we're already a leading scaled orchestrator. We have orchestrated over $66 billion [in payment volume] last year. We already have more than 100 connections to partners across PSP, fraud, loyalty, connected commerce. And finally, our open architecture strategy will also enable partners to grow with us.

So with all of that, we expect our enterprise payments business to grow transaction margin [dollars] twofold by 2027, while also growing volumes at ecommerce levels. To summarize, I want to leave you with three things about our Enterprise Payments business.

We will grow by expanding our total addressable market into omnichannel, targeted geographies and verticals.

We're laser-focused on unlocking our margin-rich opportunity with value-added services.

Third, we're building an open architecture, which gives merchants access to the full ecosystem through our platform connection.

Let's look at large enterprises. As large enterprises adopt more and more services, they become more profitable.

So we create compounding results, as you see here. Merchants typically enter into our ecosystem through branded checkout. Then they adopt processing and move to platform integration which allows us then to add higher-margin value-added services and new innovations.

As you can see down there, we have a lot of upside.

But listen, to achieve this, we must fundamentally change how we go to market.

So let me show you the future. This morning, we have announced PayPal Open. Our one platform for all business.

PayPal Open brings our legacy acquisition and product brands under one roof. The value proposition is structured in three core needs which we actually hear from every merchant, be it large, be it small.

It's power my payments, drive my growth, and help me operating smarter. And an important role of PayPal Open is also that it provides merchants access to our latest innovations.

So dovetailing into what Alex already said, I have one more thing to talk about, which is the PayPal Commerce API.

70% of consumers expect personalized experiences. But it's really hard to do and get it right. It's super hard to know what a consumer wants, especially when you have only limited information as a merchant.

This is where we are uniquely positioned to help. Consumers have always entrusted us with their financial information.

So it's no leap of faith that they also entrust us with their shopping preferences.

In fact, in the U.S., we already have the permission of 80 million customers—consumers—to do so.

With the PayPal Commerce API, we provide merchants with relevant product recommendations, and deals to personalize their experiences.

We will start testing this innovation with strategic partners later this year and merchants will get access through PayPal Open. And if you haven't done so, feel free to learn more about this in the demo space.

So as I wrap, I want to leave you with three takeaways.

We're raising the bar on branded checkout.

We have an end-to-end plan to accelerate growth.

Our new experiences are delightful for consumers and drive conversion and outcomes for merchants. We're laser-focused on scaling them globally and to drive consumer selection.

We are growing our enterprise payments business profitably and we're accelerating growth by expanding into omnichannel targeted geographies and verticals, and we're accelerating our value-added services adoption.

And finally, PayPal Open gives merchants of all sizes access to the full power of PayPal, including new innovations like the commerce API.

So, much of what I've talked about is not only relevant for large enterprises, but also for small businesses. Thus, I want to hand it over to Michelle, who will walk you through our SMB strategy.

Accelerate SMB Growth
Michelle Gill, GM, Small Business & Financial Services

Thanks very much, Frank. Frank talked about how we're going to completely overhaul and dramatically improve the checkout experiences for large enterprises. I'm going to talk to you about how we're actually going to make that ingestible for small businesses.

So before I do that, I'm going to contextualize for you what our small business ecosystem looks like today.

So first, we have a massive SMB merchant base. We've got over 20 million merchant accounts across 200 markets globally.

We also have merchants that span both goods and services businesses. They're online and offline. And today, less than 20% of our actives are exclusively e-commmerce business.

These businesses select us because of our trusted brand, our solutions that grow with them.

If you look at it today, over 400 million consumer[] [accounts] trust PayPal. We have one of the three most trusted financial services brands globally.

We have high net promoter scores, and our merchants say that we're universally accepted, recognized and dependable: all things that they count on. They start with us in P2P. They then move on to branded checkout. They often then adopt full stack. And as their needs change, they might adopt invoicing or point of sale.

As you can see, as their business grows, so does their involvement and engagement with PayPal.

Our products drive very clear value for them. When merchants put PayPal on their checkout page, they see a 46% increase in conversion. When merchants add BNPL, we see that it increases their average order value by 62%.

And merchants who adopt PayPal working capital typically see a 36% increase in their total payment volume subsequent to that first loan.

But we don't stop there.

We're not just focused on the revenue side, we're also focused on keeping costs down.

What we see is that when merchants adopt things like package tracking, they see an 80% reduction in disputes.

But in 2022 and 2023, we lost focus on our SMBs.

We went to market with a suboptimal go-to-market approach. We lacked product innovation and our products were not integrated, making it difficult on our small businesses. So we saw a decline in our business.

But we've been on a mission to turn that around over the last year. So now I'm going to walk you through what we've been doing.

In 2024, we had a big year. We meaningfully inflected the business. And now we're on the path to be the indispensable platform for small businesses.

First, we focused on our go-to-market strategy; second, our product innovation; and third, our customer engagement. Let me walk you through each of those separately.

Go to market. Frank talked about this a little bit as well. We've gone to market historically with capabilities. Now our aim is to go to market with solutions.

We had a set of proliferating brands, which you heard we unified into PayPal Open.

On product innovation, we went to market product by product. They were often self-serving. We weren't focused on serving a customer need and working customer back, and coming to market with that solution.

We've really been focused on payment and payment adjacent. And now as you heard from Alex and Frank, with things like the Commerce API, we're much more focused on growth.

And lastly, customer engagement. We've been really transactional. This past year, we decided to do a lot more proactive outreach and create delightful experiences for our merchants.

And rather than going to market with a one size fit all, we created personalized, AI-driven experiences that facilitated a much more customized approach to our merchants. All of this under one large umbrella that we now call PayPal Open, the way in which we're going to power the future of commerce for SMBs.

Through this transformation, we can't wait to have our merchants easily discover us, be eager to use us, and absolutely love us.

We will do this enabled by our brand, our network, our data, and our relationships.

So what do we mean by overhauling our GTM (go to market) strategy and having merchants discover us?

Well, first and foremost, many of our merchants say to us, "I don't know what to do next. I don't know how to find your solution. How can you make it easier for me?"

Those are the things we focused on.

For our partners, we've been focused on making our solutions very easily ingestible and covering them, and co-creating solutions with them.

Of course you heard about our brand.

So let me walk you through each of those.

All right. This should look familiar. Frank just talked about this.

We had a set of proliferating brands. We also went to market with a really disjointed strategy.

What did we decide to do?

We brought together all our brands, but it's not, this PayPal Open thing, it's not just a rebranding. It's not like we're just saying, hey, let's throw everything under one roof, and put it all together and somehow magically it's going to work.

Instead, Srini talked to you about the way that we're actually bringing all of these brands together architecturally. That is the critical thing: that now a merchant can enter through any door and have access to the rest of our platform.

We are aiming to make it interoperable and bring together solutions that make sense for them, where they can have a self-guided, curated journey under the PayPal Open umbrella.

So yes, today we announced that new brand, and we're very excited to launch it. But more importantly, the work that we've done over the past 13, 14 months to get us here and really allow us to get to this point is what's been incredible.

Merchant onboarding. Historically, we had 35 screens for merchant on-board. That is incredibly frictionful.

We have now moved to seven screens. Not only have we done that, but we also introduced an intent questionnaire. You might say well you just eliminated a whole lot of friction, and then you introduced an intent questionnaire. Why would you do that?

Well we actually gave merchants the choice of whether or not they wanted to go through the intent questionnaire. What we have seen is merchants who go through the intent questionnaire actually perform much better on the other side.

And so that self-selection is also helping us better understand that merchant, and also really driving higher-quality merchants. We've already seen 2x product activation through that intent questionnaire, as well as 1.5x increase in average margin per merchant.

But we're just getting started.

We're not just going to stop at that. We're introducing personalized recommendations, try before you buy experiences, and a fully serviceable dashboard.

And next up, our partner go-to-market strategy. What we've seen is that when we actively manage a partner relative to not actively managing them, a 20% increase in total payment volume.

So we made the decision that in 2025, we're going to increase the number of actively managed partners by 2.5x. That will allow us, with a greater number of partners, to really find curated co-solution opportunities to bring to market the suite of capabilities that we've historically independently housed, in a way that makes sense for their merchants, to drive loyalty to them and for their merchants to them. And ultimately, that loyalty will inure to the benefit of PayPal.

All right. So I've told you about how our merchants are going to very easily discover us and our partners. And now I want to talk to you about why our merchants are going to be so eager to use us.

So having gone from a lack of innovation, we are now here, having innovated over the last year, and having an amazing roadmap for the years to come of product innovation.

The reason this is so important for small businesses is the preponderance of small businesses use upwards of 15 tools to manage their businesses.

They don't do that by choice. They do this because they have to, because many of the tools are disparate and they have to cobble them together.

Our aim is to reduce that friction for them and bring more of these tools together under our roof. And even with all of that, the preponderance of small businesses, upwards of 50%, fail in the first year.

So our goal is: help small businesses survive. And more importantly, with our growth solutions, help them thrive.

So with that, you remember back to when we introduced PayPal Complete Payments. That was the way in which small businesses were going to adopt our payment solution and again, through an integrated architecture that we brought together, be in a position to adopt branded, full-stack and all of the complementary solutions that went with it.

In 2024, we were able to roll this out to 37 markets.

That doesn't mean oh, just change the language. That means customizing all of the alternative payment methods for that particular market and having successful launches in each of those markets.

That gave our merchants industry-leading conversion rates, low latency, and high authorization rates. And now all of the merchants that are on PayPal Complete Payments can easily access Fastlane and our most modern checkouts.

What we saw as an added benefit of people moving to this better stack was also an increase by 33% of incremental product adoption.

In 2025, the thing we're really excited about is we're going to tap into a brand new market. B2B bill pay. B2B bill pay is tapping into a $2 trillion market. This is exciting not just for our merchants but also for PayPal in that it opens up a brand-new network.

So let me talk about our existing merchants.

Today our existing merchants receive about $200 billion in the PayPal ecosystem, 80% of which leaves without being re-spent through PayPal. This is an opportunity and a reason for these merchants to not have to transfer money to four or five different places, but be in a position to spend that money through the PayPal ecosystem. So that is benefit one.

Benefit two. They now get to invite their vendors, their suppliers to join the PayPal ecosystem, making it faster for those vendors and suppliers to get paid and ultimately bringing them into the ecosystem in such a way that in the future, you could imagine these transactions could just be ledger-to-ledger rather than even having any money transfer take place.

And by the end of 2025, we hope to power all of this through PYUSD.

So lots of innovation coming in ‘25, again to simplify the lives of our merchants.

Also in ‘24, we spent a lot of time on our merchant lending business.

Our merchants love our merchant lending products. But sadly, they weren’t available to as many merchants as we had hoped.

So we spent 2024 with our credit team bringing in a lot of third-party data to allow us to expand the number of merchants that we could lend to responsibly. In so doing, we’ve already seen eligibility go up by 43%. That’s pretty incredible.

We also put the application and the ability to get loans in more places, leading to a 2x adoption by first-time users.

We have many more plans to expand on this in 2025.

We’re planning to introduce micro loans to facilitate access for even smaller merchants, as well as loans for up to $1 million to facilitate loans for larger merchants. We’re really excited about what’s to come.

All of this will ultimately lead to 2x increase in our business.

And next up, Frank and Alex talked about the commerce API. So the commerce API is amazing if you’re a large enterprise, right? You can just ingest it, you can put it into your flows, etc.

Our role in small business is to now make this something that is very tangible for small businesses to use, right? Not complicated, they can ingest it in much the same way and use it to personalize their offers.

Frank already talked about this. 69% of consumers prefer personalized experiences. We cannot leave the small businesses out in the cold without the same resources that the large enterprises have.

So our goal is to make it really easy for them to get access to these same types of resources, be able to offer repeat purchases as well as personalized offers in much the same way that a large enterprise can.

All right. So I’ve talked to you about Discover. I’ve talked to you about their [merchants’] eagerness to use because of our innovations. And now I’m going to talk to you about why these merchants are going to absolutely love us.

It really has to do with us creating engaging experiences that not only make their lives easier, but help them grow.

So the two places that we spent a lot of time in terms of engagement, were the web surface and the app. You'll understand why in a minute.

We have 250 million people that come to the web surface. That's 25 million users that visit us. Through that, we activated 1.5 million products. Historically, that used to just be a transaction history, like here's what happened. You couldn't really do anything with that other than see a history.

Today that offers you insights on your conversion rates, your auth rates, your outstanding loans, your cash flow. Our goal is to make that better and better.

So the objective here is: provide you insights not just on what's going on, but how to change outcomes.

Next up, our app.

Our app gets 5 million users. And historically, if you were a consumer and a merchant, it was really hard to switch between the two. Now we've made it super seamless to switch between the two, and you can action your business through your app.

How do we know that this is working? We've already seen 300,000 invoices created through the app in 2024.

And guess what? If you create an invoice and send it via PayPal, we've seen 79% of those invoices get paid same day.

So there's a lot of benefit to having these surfaces be incredibly engaging.

Not only are we changing the surfaces, but we're also changing our customer service model.

As I mentioned at the very beginning, we've historically been very reactive. Last year, we ran a number of pilots to have much more proactive outreach. What we saw with that proactive outreach is a 4% increase in total payment volume, and a 6% increase in product adoption.

We also know that with active account management, we see 50% less churn and a 17-point increase in revenue growth.

So our goal is: we obviously can't touch every merchant with a human—that would be impractical based on our $20 million merchant base size.

But instead, to really power personalized experiences through AI for these merchants. Let me walk you through what that's going to look like.

So today you come to PayPal. You want to start your business. The first question you ask is, how do I start selling?

Next question you ask is, how can I optimize pricing in my local area?

Next up, what vendors should I use?

Then you want to know what geography should I expand to next?

And lastly, how should I optimize my cash flow?

Imagine all of these questions being answered by your AI personalized powered insight tool that can help you. Because if you're a beauty business, we can help you know if the margins are richer if you're in Italy, if you want to move to Germany versus France, and we can give you that advice. That is where we're moving toward. That is what we're really excited about.

So we've gotten our merchants to discover us, use us, and love us. What does this all translate into?

Ultimately, growth in actives, as well as reduction in churn, and monetization through products per merchant as well as average revenue per product, the amalgam of which translates into revenue growth for PayPal.

So as I talked to you about at the very beginning, the preponderance of our merchants start with us in P2P.

As you can see, as they adopt incremental products, and as they grow the potential for them to grow with PayPal and for their revenue to grow as their product adoption grows is incredibly meaningful.

It ranges all the way from 12x to 67x. And as you can see, our product penetration on a lot of these products is very de minimis. And hence, the opportunity in front of us is massive. Let me bring it all back.

So our goal is to deliver AI-powered growth for small businesses. We're building on a massive scale, brand trust, global reach, and vertical exposure.

As I mentioned, in 2024, we really refocused to better serve our SMB needs.

We improved our go-to-market, we improved our servicing, and we reaccelerated innovation to deepen these merchant relationships.

We are literally transforming to be the indispensable partner that helps SMBs fuel their growth.

With that, I'll turn it over to Suzan.

<u>Strengthen Global Markets</u>
Suzan Kereere, President, Global Markets

Thank you, Michelle. Good morning. I am Suzan Kereere, and I have the pleasure of leading an organization we call Global Markets.

We lead PayPal's business in the markets. We are responsible for the end-to-end relationship with our customers around the world.

So here's what I'm going to do today.

I'm going to bring to life how we go to market with everything you've heard this morning. This is the plan to unlock extraordinary growth across PayPal around the world.

So let's get started.

So you're all very familiar with PayPal's next-generation commerce flywheel. The role of Global Markets is to power that flywheel around the world.

We are the fourth multiplier.

We bring merchants, partners and consumer value together.

We nurture and grow these relationships, and we scale our products and services to markets around the world.

So before we talk about the opportunities that lie ahead of us, let me anchor you in the foundations of our business.

So Alex outlined much about our scale, built over many years. That scale is substantial.

We have scale, yes, but it is the strength of our diversity that actually drives the growth you see on our platform.

We serve merchants across a range of verticals, from retail and travel through to new high-growth industries like gaming and digital goods.

We have a growing presence of consumers and merchants outside the U.S., and our volumes are equally diversified by business line.

We have the privilege to serve nearly 90% of Fortune 500 companies around the world. They range from digital and commerce platforms, to streaming and content service providers, to marketplaces and omnichannel retailers.

So how do we build this franchise to drive growth? Let's go back to the growth formula. You heard from my colleagues earlier on the first two components: selection and experience.

I want to dive into merchant adoption and help you understand how PayPal's reach, relevance, and impact work across our markets to fuel growth.

So let me start with reach.

Digital commerce—well, it’s complex. In early-stage markets, the customer needs often centers on being able to accept and send payments securely and affordably across borders. These customers find tremendous value in our most established checkout, wallet and payout products.

Now in markets that are further along that digital evolution, consumers expect everything in real time, and more personalization.

In these markets, we help our merchants deliver against their needs at scale through omnichannel, AI-enabled experiences, loyalty, and rewards. And as customers and markets advance through this evolution, we activate many more parts of the flywheel.

Crucially here, every market is moving. They’re all advancing. It is this movement that is our opportunity.

It’s our opportunity to become much more relevant to our customers and in turn, deliver much higher ARPA. Let’s look at the cumulative effect of that revenue across markets. ARPA acceleration is most pronounced in the U.S. where we offer our most advanced capabilities. When a large enterprise adopts two products, we generate 7x more revenue. That number jumps to 12x when they adopt three products.

And as markets continue to evolve, we are much better positioned to serve and monetize, which in turn drives higher revenue per merchant.

And you know what excites us the most? It’s that number at the beginning. More than half of our merchants use only one product today. That means the opportunity— well, it’s right there in front of us.

Now let me get back to our growth formula. Let me show you how higher adoption fuels branded checkout growth.

Merchants predominantly start their journey on us using one or two core products: branded and unbranded processing.

As they add more across the Flywheel—payout, foreign exchange services, Buy Now Pay Later— engagement grows.

It grows almost 9x and that story is very consistent when you look at our consumer growth as well.

As they use more of their products, overall, PayPal-branded usage goes up 5x. Why?

Well I know you’ve heard it this morning. It’s the flywheel. Consumers are getting much more value, and that value, with better experiences drives more habituation. This is the formula for branded checkout growth in action.

It's higher consumer engagement, improved product experiences, and scaled merchant adoption.

So if that's the formula, what's the potential?

Now as Alex outlined, we're in a leading position to target this untapped opportunity. And here's what it looks like at the market level.

Our business is, yes, it's much more robust in online commerce. But there's still significant addressable opportunity even here. There's $60 billion in opportunity to go get in the U.S. alone. If you add up all of international, there's another $40 billion to go get.

So whether by business line and by geography, we are still so early in offline commerce ads and credit. All we need to do is execute.

Now to that point, we've made significant changes in our operating model to execute at scale and at pace.

The starting point for us was to organize around the customer. We appointed regional and country general managers who now have end-to-end accountability for the customer in their local market context.

We streamlined roles. We changed the way sales practices work. We equipped the teams with new tools. We've structured around the customer.

And as Michelle pointed out, we've expanded coverage. We now cover 95% of our largest customers and our largest partners, and we cover 80% of our SMB book. These changes are translating into very clear momentum.

And we see positive results from this transformation in multiple markets. Michelle talked about PPCP (PayPal Complete Payments). It's a great example of our ability to scale. Double-digit growth in the U.S., U.K. and Germany. Very similar success with working capital. BNPL and P2P, as you heard from Diego, massive success in the U.S., Germany, France, Italy, Spain. We have the same work to do in the U.K. and Australia.

If you go to our Braintree business reset, well, revenue is up 20% in the U.S. and Germany.

If you're following, that's three for three, for Germany.

Now we need to scale these promising but still early growth spurts. We have three clear priorities to make that happen.

We're expanding reach. We're expanding relevance, and we're accelerating impact.

So I'll start with the first priority: expand reach.

Now to expand reach, we need to make more products and services available to our customers around the world.

Here's our roadmap. This is a roadmap that will bring parity to markets globally over the next three years, aligned with where our markets are locally and what the needs of our customers are in each of those contexts.

In the U.S. and most of our top-10 markets, we will enrich consumer experiences with omnichannel, with credit, with rewards. And for merchants, we will help them unlock growth and efficiencies by expanding our branded offerings and accelerating the rollout of products that fuel the flywheel, like agentic checkout, omnichannel, and value-added services.

In markets outside the top 10, we will focus on enabling our core merchant and consumer offerings to meet the local needs.

So this is what expanded reach looks like.

So how do we take our customers on this journey with us? Well, we use our playbook.

We lead with our trusted brand and history of strong partnerships.

We support our markets at every level from C-suite to operating teams.

We leverage vertical-specific expertise to align on shared goals and outcomes for our merchants, and we partner and track success collaboratively.

This playbook helps us move faster, execute with rigor, and we can do this over and over again, around the world.

Let me bring this to life with one of our merchant partners, Meta. You see, like many of our customers, Meta started with us with a branded checkout experience many years ago. This gave them, and our shared customers, a trusted way to pay and get paid on their marketplace.

Over time we've expanded our relationship across more of their services, like Instagram, to include processing, payouts, foreign exchange and offers.

More products, optimized experiences: all of that drives higher conversions. It increased their margins and it's increasing ours. This is a page right out of our playbook—right out of our playbook.

We operate as strategic partners. We have shared goals. And we innovate together.

Let me give you another example. This one is from Japan. Be Forward: Their trusted name in the used car marketplace. In 2018, they started with branded checkout in LatAm, the Caribbean and Africa.

We now connect them to consumers in over 170 markets.

We've helped them scale. They added more products, they optimized their user experiences and they're growing branded checkout. Our share has grown by more than 500% and we've increased margin 6x.

So we expand reach by scaling product. We expand reach by deepening relationships like those of Meta and Be Forward.

We also expand reach by focusing on key verticals. We're accelerating our progress in professional services, in food and delivery, real money gaming, and in digital goods.

These represent very large addressable TAMs. They're also very high yielding, and they require the level of specialization that we are uniquely positioned to deliver.

Let's take real money gaming. We win here because we offer global pay-in and payouts, high auth rates, fast money movement and the industry's best risk management and controls.

So these are some of the ways we're expanding reach.

I'll talk about our second priority, which is scaling relevance through partners. Here, we take a very platform approach to partnerships, and we do that in three ways. The first is distribution.

We leverage industry leaders that extend our reach for core services and help us get to market faster with our latest innovations. And just this morning, we announced a new partnership with JP Morgan Payments that will offer Fastlane for our merchant clients in the U.K. and Europe.

The second is integrating experiences that complement our flywheel. And a great example that Alex mentioned earlier is Amazon Buy with Prime. Later this year, we will launch PayPal as a payment method for Buy with Prime and allow our consumers to use their Prime benefits when checking out at their favorite merchants.

The last is embedding our products and services into our partner ecosystems. Here, PayPal acts as an embedded service and we seamlessly power payments wherever the customer may be.

So expanding reach and scaling relevance, none of this works without an exceptional product experience. And as you heard from Frank earlier, friction at checkout—well, it leads to lower conversion.

Our new checkout experience addresses latency, log-in success rates and gives our customers more options. We're seeing really encouraging results in conversion rates.

We've seen consistent improvement in every vertical, with increases in the mid-teens for live events and single-digit improvement in travel, streaming and delivery services.

Our aim is to have 80% of our customers using the latest checkout experiences by the end of ‘27.

So to conclude: the mission and priorities for global markets are clear and compelling.

We are committed to powering PayPal’s Commerce Flywheel across our markets. I have personally never been more convinced about the size and abundance of opportunity for PayPal, in both the immediate and the longer term.

We have the team, the operating model, the strategy in place to execute and to win. Thank you. I’ll turn it back to Steve.

Steve Winoker

Suzan, Frank, Michelle, thank you so much for those insights on our customers, our products and services, fantastic.

We’re going to take a quick break right now for 10 minutes, and then you can come back and please be in your seats by 11:00 for Jamie and our Q&A session. Thanks, everybody.

(Break)

<u>Financial Outlook</u>
Jamie Miller, Chief Financial & Operating Officer

Good morning. These objectives guide how we will make decisions to maximize shareholder value, making it clear for our teams how keeping merchants and consumers at the center of everything we do can drive a great financial algorithm for PayPal.

Our goal is to first grow volume faster than ecommerce, to lead with innovation, grow accounts and engagement, and to increase the penetration of our omni-solutions and to accelerate branded checkout.

Second, it’s to drive a high single-digit TM (transaction margin) dollar growth by 2027 with an ambition for 10%+ longer term.

We are prioritizing durable, high-quality growth, and that’s supported by the key initiatives that I’ll walk you through in a bit.

We have longer-term ambitions to unlock new growth and high-margin opportunities.

Third, we’ll invest in innovation and leverage our cost base.

We operate in a competitive environment, and it is critical that we stay on offense and we still have room to be much more efficient and use our savings to fund reinvestment and drive operating margin expansion.

Fourth, we'll deliver low teens plus non-GAAP earnings per share growth by 2027 with ambition for 20%+ longer term. And finally, our goal is to grow free cash flow in line with earnings, while maintaining disciplined capital allocation.

One year in, we're proud that we've returned the company to profitable growth.

We have a lot more ahead. But in our first year, we grew revenue to $32 billion.

We positively inflected TM dollars growth, growing TM 5% ex-interest, accelerating 800 basis points over two years.

We bought back $6 billion of stock, and we delivered 21% [non-GAAP] earnings growth. In underlying our financial results, we're making progress in key areas.

We've accelerated our pace of innovation. We brought energy back into the brands. We've returned total actives and PayPal consumer MAAs (monthly active accounts) back to growth. And we just became much more disciplined across the organization.

Braintree is back to profitable growth, and we reduced costs and reinvested hundreds of millions back into product, technology and marketing.

Looking ahead, we have a diversified portfolio to drive growth.

What you see on this slide is a more simple and relevant TPV breakout than in the past.

It's a better way of how we think about the product portfolio today, our customer needs, and our use cases. And we're making progress across each of these areas.

So the first online branded checkout includes PayPal branded Checkout, eBay and Pay with Venmo.

It's about 30% of our TPV.

We have a clear plan and execution milestones to accelerate, and I'll talk about that more in a bit.

P2P and other consumer includes PayPal P2P, Venmo P2P and our branded debit cards.

We're making product-led improvements. Both Venmo and PayPal P2P volume accelerated last year. Venmo exited the fourth quarter at 10% volume growth, accelerating by two points. PayPal P2P accelerated for the sixth consecutive quarter to 6%, and we've launched more in-person capabilities.

And payment service provider, the third line, spans both large enterprise and SMB processing and value-added services.

We're driving higher margins and deeper merchant relationships, and we've made deliberate healthy choices within Braintree to shift from unprofitable volume, moving into higher SMB processing with PPCP, and driving more attachment of VAS (value-added services), like payouts and new solutions around FX (foreign exchange) and Risk as a service.

Then second from the bottom, you'll see branded experiences, which includes branded checkout online above, plus our offline debit.

The goal of sharing that is to help you follow our progress as we seek to form deeper consumer relationships and habituation across online and offline, and that's a trend that we expect to accelerate in 2025 and beyond.

Moving to overall ecosystem health and opportunities to improve engagement, we're making progress across our consumer base, but there's still so much more opportunity ahead. Branded checkout MAAs went from stable to growing, up 3% last year.

We added 3 million more monthly active accounts using debit or Buy Now Pay Later.

Transactions per active are growing, and our goal is to drive more consumer engagement and to higher PayPal selection rate and accelerate our TPV.

We have a clear set of financial objectives as we execute in 2025. Growth has accelerated, and we expect TM dollars ex-interest to grow 6% at the midpoint of our guide, which is more than 100 basis points of acceleration compared to last year.

We're guiding to high single-digit earnings per share growth at the midpoint and that includes headwinds from higher taxes and lower interest rates, and we are well positioned to drive attractive double-digit earnings growth into the future.

We have a clear set of strategic initiatives to drive durable profitable growth. To win check out, our new modern flow improves conversion and delivers a better experience to increase the habituation and capture more share of wallet. This has a halo effect across everything you see on this slide.

We have momentum behind Buy Now Pay Later, SMB, and consumer engagement. With Omni, we are increasingly the way for consumers to pay for any transaction.

For PSP, we have significant opportunity to improve and to grow profitably and also notable next-gen initiatives that are small today but we expect to deliver value over the medium to long term. This includes personalization, ads, our commerce platform, and crypto.

Each of the initiatives I just highlighted plays an important role. We expect to accelerate TM dollars growth ex-interest moving from 5% in 2024 to 6% at the midpoint of our 2025 guide, to a range of 7% to 9% by 2027. Longer term, we have a goal to drive 10% plus growth.

It's ambitious, but it's what we want our teams to strive for, scaling next-gen growth vectors, AI, personalization, ads and crypto—all of that is part of what can help us get there.

I want to take a minute and walk you through some of the specific goals and ways for you to track our progress underpinning each of the initiatives, starting with checkout, which is at the center of everything we do.

Our new products, partnerships and campaigns are all aimed at accelerating checkout. We want to be the easiest, the fastest, the safest solution, and it is essential we deliver more value to customers. That means higher conversion for merchants and making things even more flexible and rewarding for consumers.

This chart shows our path from 6% volume growth last year to at least 8% to 10% by 2027.

Our strategy is underpinned by three key building blocks. First, modernizing checkout solutions to drive higher selection rates, taking our latest branded checkout experience from about 30% coverage in the U.S. today to more than 80% globally by 2027.

Our goal is for these experiences to deliver more than one point of conversion improvement to merchants. But the real opportunity is how this impacts selection rate, better experiences, less breakage, more retention: all lead to stickier, more engaged consumers and a higher share of wallet.

Leaning into Pay Later: our goal is to nearly double the size of our Pay Later business over the next three years, to grow at more than a 20% CAGR (compound annual growth rate) to nearly $60 billion, and accomplishing this through a combination of product and geographic expansion, and a go-to-market focus on key merchants, verticals and marketing.

Capitalizing on Pay with Venmo, we will nearly triple Pay with Venmo volume over the next three years. We expect to grow at more than a 40% CAGR to over $22 billion.

And we're starting to hit our stride.The Venmo team is winning in key mobile-first verticals. And compared to a year ago, our execution has improved, teams are focused, and we're accelerating.

We have more work to do, but I'm really excited about our progress. We're expanding beyond ecommerce to become truly omnichannel.

Within P2P and other consumer TPV, we accelerated four points to 7% growth in 2024, and we expect to maintain this momentum, growing to at least 10% by 2027.

We have improved our core app experiences in P2P and mobile payments.

We've launched more ways to pay in-person.

We ran our PayPal Everywhere campaign in September, which is reshaping how consumers think about

PayPal. Debit penetration remains a huge opportunity, and we're driving adoption. We've added more than 3 million first-time users.

We're bringing card and NFC capabilities to several European markets later this year.

Within Venmo and P2P, we're bringing in more users, driving product attachment, and increasing engagement in all our areas that help us drive revenue growth.

And we're focused on improving the overall profitability of our PSP business. We're doing this through pricing to value and aligning our sales teams and incentives to profitable growth. Braintree TPV growth is lower in 2025 as we shift away from unprofitable volume, but TM dollars have accelerated, and we'll be in a position to reaccelerate [Braintree] TPV later this year. Growth is a combination of new verticals, international expansion, and more offerings to SMBs.

We're rolling out new value-added services, including across FX, risk, and payouts,to drive more value. We expect PSP to contribute more than one point to TM dollars growth this year, with more benefit over time.

We continue to have a sharp focus on containing costs while reallocating to healthier levels of technology and marketing. By the end of 2025, we will have remixed more than $400 million into marketing and tech compared to two years ago.

Our headcount was down around 10% each of the last two years, and we will continue to balance investment and efficiency. We see further opportunity for efficiency over time, shifting the allocation of spend more into key areas like tech and marketing. Our goal is to drive down OpEx as a percentage of revenue as we leverage our cost structure.

Now I'll take you through our financial outlook.

As you've heard consistently, we are focused on accelerating profitable growth, moving from 5% TM dollars growth, excluding interest in '24, to a range of 7% to 9% by 2027, driving expense leverage, operating margin expansion, and share buyback combines for low teens plus [non-GAAP] EPS growth.

That includes headwinds from lower interest rates and tax rate inflation. And as I mentioned earlier, our long-term ambition is higher. We believe the opportunity in front of us is significant, and we want our team's ambition to be 20% plus [non-GAAP] EPS growth over time.

We have a strong balance sheet. We have $15 billion of cash and equivalents, and we're targeting a balance sheet light model for credit. We have more opportunity to externalize parts of the credit portfolio.

We generate a significant amount of free cash flow. We expect $6 billion to $7 billion of free cash flow in 2025, and we expect CapEx to be in the range of two to three points of revenue over the medium term as we modernize more of our tech infrastructure and data center architecture, really positioning our teams to move faster, better serve customers, and unlock data for personalization.

Our number one priority is to invest in future growth, and we'll be disciplined in our approach. We'll maintain flexibility for selective M&A, but it's critical that we execute on what is already in front of us.

Over time, we expect M&A to also serve a role, but we need to earn that right, and we will continue to return capital. This year, we have another $6 billion planned via share buyback, and we're targeting buybacks at about 70% to 80% of free cash flow over the medium term, as we continue to evaluate other ways to return capital.

So I'll wrap up by again showing you our financial objectives.

We believe we are well positioned to drive long-term shareholder value.

We have trusted brands.

We have the largest two-sided network in the developed world, and a product and innovation engine that's accelerating.

We have multiple ways to win, and I'm excited about our future ahead.

With that, I'll turn it back over to Steve.

Steve Winoker

Jamie, appreciate it. Fantastic to see how all of those products, services, customer-backed thinking actually wraps into a financial algorithm that makes sense.

In a couple of minutes, I'm going to invite all the speakers back up here to answer any questions you may have before lunch and the demos, again that we have.

As you can see behind me, they're getting the stage ready. We'll ask this: Please raise your hand if you have a question. Lizzie, Allison or Ryan will bring you the microphone.

I'd ask two things, as you usually hear from me on our earnings calls, right?

One is, when you start, please state your name and firm for the webcast.
But then importantly, really please try to limit yourself to one question to start. We will try and circle back to everyone once as many people have had a chance to ask questions as possible.

So with that, please welcome back on the stage, Alex, Jamie, Srini, Diego, Frank, Michelle and Suzan. And as soon as you're up, we will get started.

Lots of hands. Yes. I know it's amazing how so many questions can come in. Okay. So wow, we have a lot of folks. Ramsey, why don't we start with you?

Ramsey El-Assal, Barclays

Thank you so much. Terrific day, a lot of great information. I wanted to ask -- I saw a couple of charts up on the screen today that had sort of escalators of customers or stakeholders who maybe had involvement with one product and other products and more products.

Can you kind of take a step back and talk about how do you speed up that sort of escalation or graduation of your clients or your stakeholders from one sort of stage to the other? Kind of a broad question.

Alex Chriss

Yes. Suzan, can I turn that over to you and have you think through that?

Suzan Kereere

So I think we've created a playbook that makes sense to us now.

We start by working customer back: what problems are they trying to solve. The Meta set of problems are quite aligned with how we think about the future anyway. They want to grow their ads business, if we use them as an example.

Then we lean into the places where we collectively can add value to help accelerate momentum and growth.

We then, with our largest clients, often go into either a set of co-creations where we're looking to either embed or externalize aspects of their assets into ours, to help effectively create differentiated experiences.

But for our mid- to longer tail of customers, we then take this set of platforms, the assets that you hear, particularly on consumer where we have several points of difference, and we take them, embed them and let them serve them to their end customers as they will.

We've also changed the way we work, right? If you look across the organization, we now have teams that are embedded in each of the key local markets. Those are full stack teams. We have consumer teams, small business teams, enterprise teams. We also have access to local [engineering].

So all of that combined allows us to move much faster, not just in the ideation, but ultimately in the implementation and the curation and management of growth. It's an effective playbook. We know how to scale for mid-tier. We're excited about the opportunity we have with our very largest partners because through them, we're also innovating and creating new solutions that we take into the market.

Alex Chriss

I don't think I can overstate how different the mindset is now and how it's driving behavior.

So before we were organized around individual teams. We had individual teams with individual goals and individual products that they were responsible for.

Even on the consumer side, we had individual product teams that if you looked at the PayPal app itself, you could almost tell where the lines of our organization existed because you would have one team that was focused on the debit card and was arguing—you could almost tell—was arguing with the rest of the team to figure out where the relevancy of the debit card would be. Versus now the mindset of we have a suite of products, let's work customer back, understand how we show up, whether it's for a merchant or a consumer, in a holistic way.

And so that's where you're seeing our attach rates starting to go up, and that's why we've got confidence in bringing this together.

Steve Winoker

Harshita. Why don't we go to you?

Harshita Rawat, Bernstein

So Alex, Jamie, I want to follow up on the 6% to kind of 8% to 10% branded TPV acceleration. You discussed a number of initiatives, the modern experiences which will drive that. How do you factor in the competitive dynamics with respect to Apple Pay coming online, Shop Pay, other Buy Now Pay Later kind of factoring into your outlook. Thank you.

Alex Chriss

Yes. It's a great question.

Obviously we spend a lot of time benchmarking ourselves versus competition. The first thing I'd say is we have to have a best-in-class experience for consumers.

That's what you saw today which is—and I've been very consistent—if you go back a year ago, that branded checkout experience, particularly on mobile, as Frank walked through today, was entering your e-mail, entering your password— it was very clunky.

And our ability to now leapfrog competition and ensure that we have the best-in-class consumer experience is step one. But that is insufficient. I think if we are here three, four years from now talking about a frictionless checkout experience, we, as an industry, have failed.

This has to now turn into a commerce experience. This has to turn into an experience where you as a customer are getting a personalized checkout experience, just like you saw on screen today, where I go into my store, I go to checkout, and I'm getting, in our case, a button that is speaking to me. It knows me, it's personalized to me. It's giving me the right reward. It's understanding the loyalty that I have with this merchant. That, to me, is a completely different experience.

I think we are the only ones with a two-sided ecosystem with access to merchants at scale, with access to 80 million-plus shopper profiles, and access to hundreds of millions of consumers on an open, agnostic platform, to be able to deliver that next version of commerce.

So we need to keep looking at competition. We need to get to best-in-class on the current experience, but we are focused on innovating for the future and being the leaders in the next version of commerce.

Steve Winoker

Tien-Tsin?

Tien-Tsin Huang, JP Morgan

I just want to ask to accelerate branded checkout, can you do it at the same economics that you have today? Is there still a price-to-value exercise to go though? Because you make the case that you're doing a lot of work on the consumer, giving a lot of choice, things like that. I'm sure if you unbundle that, there's an interesting exercise there. But I'm curious just about economics and take rate and ARPA, that kind of thing.

Alex Chriss

Yes. Let me start and then maybe Jamie or anyone else pop in. The way I think about it is, again if we change the game in how we engage with our merchants, branded checkout gets far more valuable for our merchants as well.

So you're already starting to see things like habituation with Buy Now Pay Later. Right, the increase in now bringing Buy Now Pay Later into the experience. The uplift it gives for merchants is also economics for us as well.

But what we're starting to see as we're having merchant conversations—and I'm having many of these personally with CEOs of some of our largest merchants—is we are now able to bring them new customers.

So the people they're bringing into the conversation are their CMOs (chief marketing officers), are the people talking about customer acquisition. So we're tapping into economics in the relationship that's beyond just their payments person or their checkout person.

And so I just think, again, it's the biggest mindset shift that I asked you all at the beginning, and I will continue to ask you all to go through now, which is the evolution of a payments company that is just focused on creating a frictionless checkout experience, which we are still the number one player in, into a commerce company, and I think it just taps us into much broader addressable markets.

Jamie Miller

Yes, and to add to what Alex said, I mean a lot of what we're doing around branded checkout, driving debit, driving Buy Now Pay Later, driving Pay with Venmo, these are all high-margin products, in addition to the habituation and other halo effect they bring to branded. And we see that halo effect in the cohorts and in the numbers.

So when you look at take rates, some of those do carry lower take rates, but they're margin accretive. So margin will be accelerating over the time as we do this, but at the same time take rate may shift based on product mix and things like that.

Steve Winoker

All right. Lizzie, do you mind going to Darrin from Wolfe? I gave you your intro.

Darrin Peller, Wolfe

Guys, I just want to understand a little bit more. You've had great data on the checkout experience getting better and you have such a great runway there and how many monthly active users you have is really a differentiator.

But help us understand the steps you're going to take to convince the consumer, really light the fire under a consumer to say from here on, I'm going to use Pay with Venmo, I'm going to use PayPal, when maybe they didn't before. Beyond just the checkout experience getting better, something has to really, I think, ignite them. Help us understand the steps: marketing, loyalty, anything else that would be helpful. And where does that 34 transactions per month or per year rather, where is that going to go over the next few years?

Alex Chriss

Diego, do you want to start?

Diego Scotti

Yeah. Let me go back to the point about the shift on the mindset because we are moving from a value proposition that was only about checkout, meaning a button, to a value proposition about PayPal, which means we want people to stay, we want consumers to stay in our ecosystem, because there is a much larger equation of value from them when they do more with PayPal.

So it starts with checkout. As we were saying before, now we are connecting the rest of the products in the ecosystem to check out like never before, from debit to Pay Later, to Pay with Venmo, even crypto now.

That is going to create not only habituation, but on top of that, we're also going to build rewards that are going to give you really a lot of reasons for you to stay on that ecosystem.

And I said it very quickly during the presentation, but we are thinking on rewards and, because we are the only ones that can do it, that will really connect PayPal first-party rewards, not only on just payments but the whole ecosystem, so you really get more for doing more with us.

Then merchant rewards as well, that would be merchant-funded, connected also through our Smart Wallet, with the rewards program from our merchants.

So when you put all of this together, you're going to get so much value as a consumer that it's going to be really compelling for you to stay with us.

On top of that, and you saw what we did last September, our marketing is also changing to, number one, help you think differently about PayPal. It's not just for some purchases or just for online purchases. It's for all purchases.

That is a massive change for the way the consumer thinks about PayPal, which in combination with the other things, is going to allow us to keep you super-engaged with our brand.

Alex Chriss

Just to pile on to what Diego was saying: I think the fact that we have both sides of the ecosystem gives us an opportunity to create completely differentiated experiences. We are consumer-obsessed and merchant-obsessed.

I think there are other players out there and other platforms that actually looked at, while driving customers, disintermediate the customer from the merchant, because they actually want to own that relationship.

We don't have to play that game.

We actually can—if you look at that commerce API—we can provide the merchant with the information to personalize the experience for that consumer, and drive loyalty into the consumer's wallet because the consumer is engaging with us on a daily basis.

So when you think about a loyalty experience, I mean everyone think back to the '90s when you had a thick wallet with a whole bunch of loyalty cards sitting in there. Those have gone away, as you've now moved to a phone.

But that also means that your relationship with your local merchant, your relationship with that loyalty platform has gone away as well. I think we have an opportunity to bring that back.

So that consumer understands that, hey, this is where I make my purchases all the time. This is where I want my rewards and my loyalty to be, and the merchant gets to have a deeper relationship with those consumers. I think we have a very, very unique opportunity to create that flywheel.

Steve Winoker

Okay. Let's come back to the front row. Allison, Do you mind let's get Bryan from Deutsche. I know some folks have flown in for today and I appreciate that. We all do.

Bryan Keane, Deutsche Bank

Just back to thinking about unbranded and Braintree and the platform, it was really important, one of the great things you've done so far, Alex, has fixed the profitability, the pricing there. When we think about the platform going forward and you go maybe head-to-head against strong competitors like Stripe and Adyen, how is the platform able to grow at ecommerce levels at profitable levels versus the competition? What gets you there? What's the differentiator drivers?

Alex Chriss

Yes. Let me ask Frank to start with our value-added services and how we compete there, and then I'll add on with where we go from there.

Frank Keller

Sure. So we have reset some of those relationships, as Suzan said.

What we haven't capitalized on really from a transaction margin growth perspective, as I said, is selling all these value-added services into them.

So that is something we're right now super focused on. Then secondly, our front book, we're building out now an omnichannel front book, as I said.

We're also going to be focused, A) on geographies outside of North America, especially in Europe, where we see more margin, we're underpenetrated. We're strengthening that also from a platform capability perspective.

And we're going very targeted after verticals where we have underpenetrated.

So I think Jamie said it: I expect, actually towards the end of the year, really seeing significant growth coming from the front book, so that we're growing at ecommerce levels.

Alex Chriss

You all will hear a very consistent—it's sort of how I think about competition and how I think about playing in very competitive ecosystems: first, you have to have a best-in-class product. Like that's just the right to play. We have to make sure that we have an incredible processing product, which we do, and now incredible value-added services that we could go head-to-head with, and I believe we can win in a profitable way.

But I much prefer competitive battles where we leverage our unique assets to play sort of unfair games. The conversations we're having with merchants now when we're able to bring our consumer ecosystem to bear is something that competition cannot bring.

We have 400 million consumer[] [accounts]. When I sit down with the CEO of a merchant, and I ask them what their biggest challenge is, I have yet to have one of them say it's basis points on processing. They say, "I need more customers. I need to drive more habituated customers to my products."

When we say great, well I have this incredible asset called Venmo, do you want young, affluent demographics, how can we work together to be able to drive those customers to your platform? It's a completely different conversation.

So we have to have best-in-class products, which we do, and we're going to leverage the assets that we have that are unique to compete in an unfair way.

Steve Winoker

Allison, do you want to grab the mic back. I see James. We'll go to James from Morgan Stanley over on the end there, and then I'll get to the back of the room after we come to you.

James Faucette, Morgan Stanley

Thanks Steve. Chriss, I want to ask and build a little bit on your last answer here. I think the vision that you present for engagement with consumers and how that can benefit merchants, etc., is really compelling. At the same time though, you're really asking for merchants and consumers to share a lot of data that historically they haven't been willing to do or at least it's been a bit of a hurdle for them.

So I'm just wondering, can you expand on those conversations with merchants and how you can convince them, like if I'm going to Nike, to share the shoe size that I wear, so that if I end up at another merchant's website, et cetera, that they feel comfortable with that.

And as part of that conversation, something that has been important in the past, but it wasn't really brought up today, is like how does that then work within some of the third-party NFC wallets, et cetera?

So kind of tying all those ecosystems together, I'd love to get a little more detail on how you're thinking about that.

Alex Chriss

Yes. So first, the data is our customers' data, right? And they have entrusted us for decades now to make sure that their data is safe and secure and that we have built up a reputation that stands for privacy.

So step one is we've had to build over time and consistency, a great relationship with our consumers. Second, we work customer back on what is most important to them. And you heard multiple times throughout today that what customers are looking for is a personalized experience, right?

If you think about even just the examples that I shared at the beginning, showing up at a store and having to create filters. I mean we have all experienced the opportunity of going shopping online and finding the right product. And by the time you get the filter down to your exact size, it's out of stock. And we understand how frustrating that is.

To be able to, as a consumer, know when I show up, that I'm getting a personalized experience with just the things that are right for me is a value to me. And I trust PayPal to be able to share that with merchants.

Now we are not sharing and taking specific merchant information from one merchant to the other. But we are enabling the shopper to build their own profile. So that's where we start. That is, again the advantage that we have as the only player that has a two-sided ecosystem.

As we get into an omnichannel world, we believe we'll be able to share that same information. That shopper profile should exist no matter where you are: online, in-store, agentic, that is your profile, that is your data, that is your information, and we should be able to enable that on a device, online, anywhere you are.

You've seen us start to create relationships like the one we announced this morning with Verifone, where we are now able to connect an online and an in-store ecosystem. So I think we're just getting started there.

Steve Winoker

Any other. Okay. So I promised to go in to the back of the room. I'm going to reach as far back as I can. I think I see Dan Dolev in the back, Ryan or Allison.

Dan Dolev, Mizuho

A great Analyst Day. Thanks a lot. Very ambitious, very good targets.

As you were doing the plans, can you maybe lay out from here until '27, what you were thinking, what can go wrong? Then the alternative is, what would drive upside, to those two sides of the coin?

Alex Chriss

Yes. Let me start and then Jamie, if you want to, you're always better at what could go wrong. Let me just start with philosophy-wise, because I think we've been consistent in the last year of being, I think, very prudent when we put guidance out. We want to make sure that our say-do ratio is very high, and our credibility is very high.

So as we went through even presenting ‘25, which you’ve already seen, our ambition for 2017 and then our longer-term ambition—internally, we work very hard to make sure that we’ve got line of sight and growth algorithms of what we can get there.

Now we’re also cautious: if we don’t see it yet, we’re not going to put it in. So again that’s just a philosophy of how we’re building, of how we think about guidance, how we think about long- term.

Jamie Miller

Yes. I would echo that. I think we’ve been very thoughtful about how we’ve put together and constructed our view on our plan over the next three years. And number one, I’d say we have multiple ways to win.

You probably felt that and saw that as you move through this. In terms of the massive opportunity at Venmo, the significant opportunities we have to really scale offline and have that come back into branded, how strongly and deeply we feel about our branded path here and driving that through multiple vectors. So I think multiple ways to win.

We did plan assuming a consistent consumer environment. So consistent to last year. Obviously you read the news like I do, there’s always something happening every minute in the last few weeks to follow on that front.

And I would say the other thing that we’ve been very, very focused on internally over the last year is really getting our execution muscle humming, and Alex talked about this and being tightly integrated and really having people on the field play in their role, the way we need them to play it.

That is something that we’ve been accelerating every day but that’s something over the next few years that we’re really seeking to drive and make better and better and better.

Steve Winoker

Okay. Great. Tim, taking it back to front row, we’ll try to go back and forth.

Alex Chriss

This will teach everyone to sit in the front row going forward.

Timothy Chiodo, UBS

So for the branded checkout disclosure, so now PayPal Pay with Venmo has been moved into that. It’s a small part of the base, but it’s a nice portion of the growth for branded checkout.

So I was hoping you could talk a little bit about the plan for better merchant acceptance or further merchant acceptance of Pay with Venmo, that button. What's changed? What was different in the past, the hurdles?

Then Jamie, you kind of alluded to it, but there's different unit economics there. So if you could talk a little bit about the varying gross and net take rate for Pay with Venmo relative to PayPal brand to check out.

Jamie Miller

So maybe, Alex, if I start and then we can jump over to Diego maybe.

So Tim, maybe I'll start with the last time we talked in December, which is: the product is so awesome. And really, there are so many features of Venmo and different things we've added over the last year that if you guys haven't used them, please use them because they're really delighters.

But Pay with Venmo is one of those, and it is the easiest, most simple, delightful experience. But what delights me is that it also carries with it a nice high margin, and it's very consistent with our branded checkout margins there, too.

So Diego, do you want to talk about..?

Diego Scotti

Yeah. And listen, we've been very disciplined and methodical, you heard me talk about the five steps. We actually talk about steps because if we get all that B2B volume, to get spent through debit, Pay with Venmo is the first step for monetization, and you saw how low our penetration is right now.

But also it's focusing, again, manically on this design target that we have, this young urban affluents.

So when you look at Pay with Venmo, I mean a great example is we just launched with JetBlue, for example. Some people say to me wow, I was surprised about that because I thought maybe Pay with Venmo was about small transactions in market fairs in neighborhoods.

And it's like yes, it's that. But also you have this incredibly young, active affluent audience that they also want to spend on everything else. So when you look at travel and entertainment, when you look at gaming is, for example, a category that is very, very active.

So we see that happening, and you're going to see a lot more because this pent up demand of our audience that really wants to use their balance sheet to spend.

So it's very exciting.

Alex Chriss

And let me just hammer home a point I made a little earlier, which is a year ago, our go-to-market team for Venmo was on a different floor in a different building.

They were working as hard as they could. But it's like having a start-up competing with everybody else that's out there. Between Suzan and Michelle and the rest of the team, we now have one go-to-market team that's able to talk to the largest number of merchants in the world and say, do you want maybe the most valuable demographic anywhere in the Venmo demographic? It's a much different conversation.

Steve Winoker

Okay. I want to hit this side. Then Ryan, I'm going to have you search for somebody in the back there that we might be missing. But Andrew, you want to go to Andrew, Allison?

Andrew Schmidt, Citi

I want to dig in on the modern checkout experience expansion expected over the next couple of years going from 30% to 80%. Obviously a big driver of the branded checkout growth acceleration.

What are the biggest unlocks to sort of get that penetration? Then conversely, if there are hurdles, where would you expect to see them? Just curious in terms of both sides, sort of the pros and cons in terms of the growth there?

Alex Chriss

Frank, do you want to...

Frank Keller

So I shared we're at 30% [coverage of our latest branded checkout experience] in the U.S.

We talked in the past about modern integrations. So on those modern integrations, we can just basically ramp the core features, meaning the new design without the merchants to do anything. So that's what we're doing right, now scaling very fast.

We actually see a higher potential because we have a higher share of modern integrations in international than in the U.S. That gives them the baseline. Now additional features that I talked about, they would need to do work, but it's relatively light lift.

So now we're coming to some of these very old legacy integrations where we're right now going to market. We're basically, the pitch goes like that: we show them the old experience. We put it side by side with the new experience and it almost sells by itself because it's so much faster.

Then you show about the additional capabilities that you can do, bringing the customers everything that Alex talked about. We're shifting from, should we do it? to, how do we sequence all these things that we want to do together?

And that's the big unlock—the fundamental thing is these products need to work. They need to drive conversion, and we do synthetic analysis by merchant, giving them the data, that they see what it would do for them.

So it works for consumers. It works for merchants. We bring a holistic conversation to it, which makes it, then, easier.

Suzan is working through all the big ones. Michelle is working through all the platforms, which is a big unlock for the SMB space.

Alex Chriss

And just to hammer it home, we have 15 years of legacy integrations, hundreds of different patterns. We have not been able to provide a value proposition as a reason for a merchant to upgrade.

We do now. There is very clear, as Frank just said. And the conversations we're having with small businesses, with platforms, with enterprises: it is a completely different conversation, because we can show them the data and show them the experience.

We will get— and we have confidence that we will get to the numbers that we shared—and then we will deprecate the old experiences.

We're not going to live in a world where we have 15 years and hundreds of integrations. We need to be on the best and the most recent integration because that saves us cost and it provides a ubiquitous, consistent experience for consumers as well.

Steve Winoker

Great. We are running out of time. Let's try to get another one in. Ryan, do you have somebody in the back?

Jason Kupferberg, Bank of America

Thanks for all the info today. I wanted to follow up on brand checkout. When do we start this path towards acceleration? We're talking about 300 basis points two years from now. When does it start? Is it late this year? Is it first half of next year? Talk about cadence.

Then just in terms of geographic mix, our understanding right now, U.S. is growing a little slower than international, so does the bulk of the acceleration in the next couple of years come from the U.S.? Thanks.

Alex Chriss

Do you want me to get started? Or do you want to go? Go for it.

Jamie Miller

Jason, let me talk about that in maybe two parts. The first is really thinking about margin dollar growth over the next couple of years, and then I'll pivot and talk a little bit about the U.S. From a margin dollars perspective, our guidance this year assumes 100 basis points of shift in margin.

And certainly, all the things I talked about are a part of that, and a significant part of that. Branded checkout, we're already at 30% penetration in the U.S. on the merchant experiences.

All the work Diego has done around offline, debit, marketing, that's stuff you're going to see us continue and be very focused on as we move through '25.

So what I'd say to that is, it will be a gradation over the period of time, is how to think about transaction margin.

When we come over to branded checkout, the U.S. side of it, we are very, very focused on U.S. growth with branded checkout. It is something that has the full weight of the organization behind it.

We have very, very strong market positions internationally. We expect growth there too, and to continue taking share, but the U.S. is a big, big focus there. And Frank talked about the merchant experience as being a key part of that.

The other piece of it—and I really want to make sure we make this link—is all of the things that we're doing offline, that habituation really does come back into more MAAs, better halo effect, higher branded checkout use, in the fund flow that works through the products and that's both PayPal P2P and branded [checkout], it's also on Pay with Venmo and how Venmo habituates the same way.

So all of that comes into play there.

Steve Winoker

Any other? So we are actually out of time. I'm going to have to call it there for now on the webcast and please do make your way into the demo area. There's lots of senior leaders who are able to talk to you. All right.

So thanks very much, everybody.

We appreciate your time. Thank you, everybody.