

PayPal's super-app plans set up clash with neobank ambitions

Article

The news: PayPal's new super app provides access to a myriad of financial services functions under a single banner, TechCrunch [reports](#). The new app started rolling out on September 21 and is on a staggered release schedule that will see the rollout completed in the next few weeks.

More on this: Some of the services available and upcoming through the PayPal app include (but aren't limited to):

- **Direct deposits**, which PayPal users can receive **two days early**.
- A **high-yield savings account**, dubbed “**PayPal Savings**,” provided through a partnership with Synchrony Bank, with a 0.4% APY.
- **Personalized shopping rewards** offered through shopping and rewards platform **Honey**, which PayPal acquired in November 2019, per TechCrunch. These rewards will become smarter as the product gets more uptake and PayPal uses artificial intelligence (AI) and machine learning to analyze customer trends, PayPal SVP of Consumer, Julian King told TechCrunch.
- A wide breadth of payment functions, including **peer-to-peer (P2P) payments** and a **bill pay** feature compatible with approximately **17,000 billers**.
- The ability to enroll in PayPal's **debit, credit, and cash card** programs.
- The ability to **buy, hold, and sell crypto**, specifically Bitcoin, Ethereum, Bitcoin Cash and Litecoin.
- Access to PayPal's **crowdsourced fundraising** platform, **Generosity Network**.

PayPal also told TechCrunch that it's working on an investment feature that will support the ability to buy stocks, fractional stocks, and ETFs.

The big takeaway: PayPal's super-app ambitions, combined with its huge customer base and digital prowess, have the potential to rattle the banking industry.

Even if PayPal doesn't aim to be a bank specifically, as TechCrunch reports, its features like debit and credit cards, direct deposit, and bill pay, among others, leave the payments company more than well-positioned to eat banks' lunch.

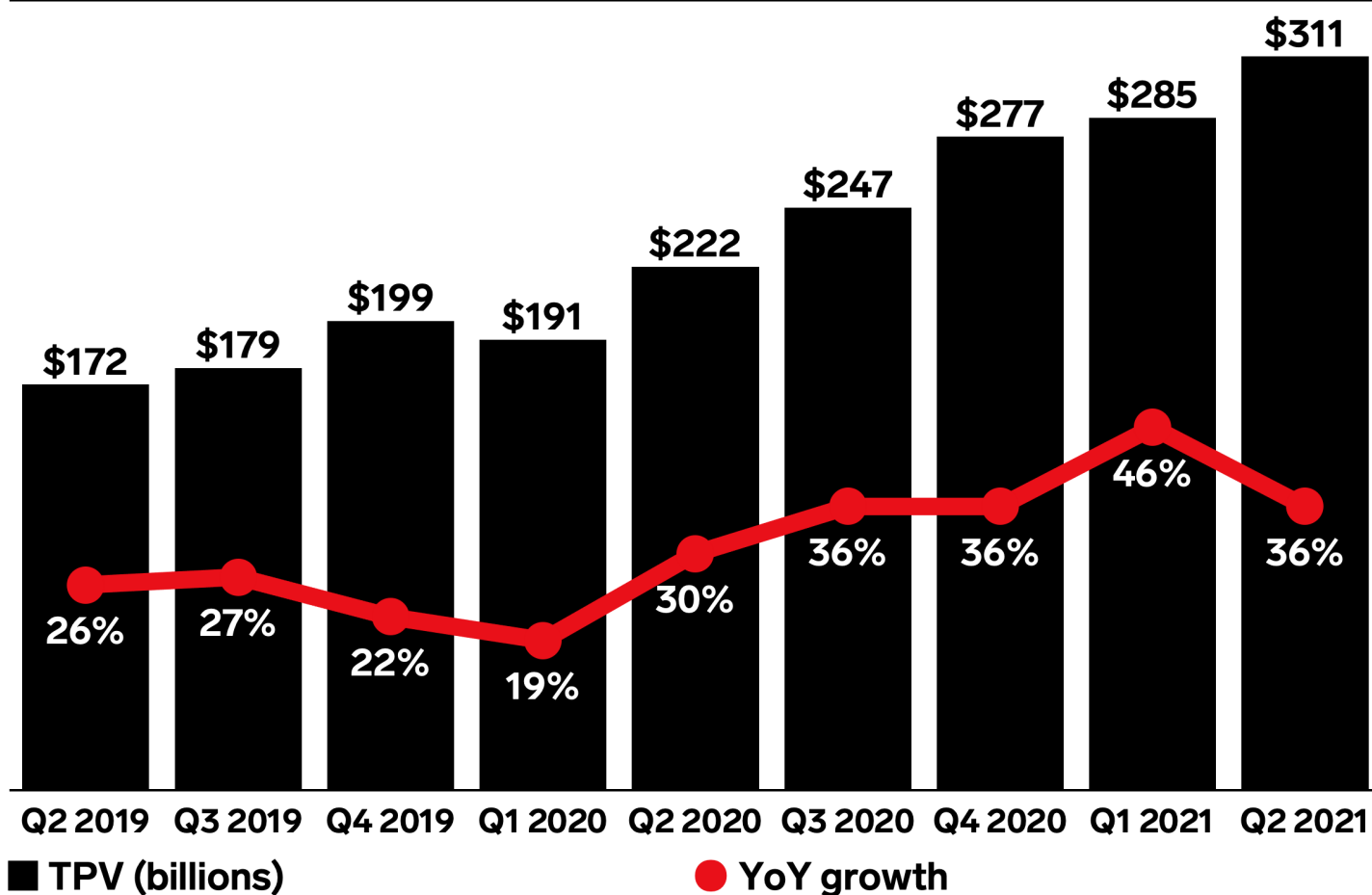
PayPal's threat is especially potent for neobanks.

- With their branchless, digitally-native business models, neobanks' value proposition to clients centers on their ability to create a best-in-class digital banking experience.
- However, PayPal is equally—if not even more—digitally able than neobanks, offers a significantly wider range of services, and has powerful brand recognition that neobanks don't quite have yet, despite their marketing **efforts**.

- If PayPal can enmesh even an eighth of its gargantuan user base—403 million as of [Q2 2021](#)—in its web of banking services, it would have more than triple the number of banking customers served by leading US neobank **Chime** (13.1 million, per Insider Intelligence estimates).
- In addition to the customer data advantage those preexisting relationships grant the payments giant, PayPal can also cross-sell its banking offerings to those clients at no cost.

PayPal Total Payment Volume (TPV)

global



Note: growth is reported on a constant currency basis

Source: PayPal, 2021

Methodology: This data is from PayPal's Q2 earnings report released on July 28, 2021

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