Stripe slashes internal valuation amid rocky US economic outlook

Article

The news: Stripe reportedly cut its internal valuation by 28%, people familiar with the matter told the Wall Street Journal—falling from $40 billion last year to about $29 billion.

Fidelity, one of Stripe's investors, has cut Stripe's valuation every month this year except March.

How we got here: Stripe didn't give a reason for the valuation drop, but the macroeconomic climate likely played a role. A range of factors, like high inflation—which grew 9.1% last month, the fastest increase since 1981—and rising interest rates have triggered a rapid sell-off in fintech stocks, sending shockwaves through the broader tech space.

High inflation is also threatening to hamper consumer spending. This could hurt Stripe and other payment firms, whose revenues rely on consumer spending. Many firms are also bracing for an economic downturn by cutting costs—and in some cases trimming staff.

Stripe isn't the only payments company feeling the economic pressure:

- After protracted fundraising negotiations, **Klarna** managed to snag $800 million last week at a $6.7 billion valuation—a jarring contrast to the $46 billion high it achieved last year.
- **Adyen's** stock slid 40% since the start of 2022. And **PayPal's** has dropped 60% during the same period.

What this means: Stripe's valuation drop highlights economic uncertainty and investors' fears of a recession within the next year.

Stripe was once lauded as the most valuable startup in the US and the third most valuable in the world. This may not have come as much of a surprise considering it counts companies like **Amazon**, **Lyft**, and **Shopify** as clients.

Stripe's volume grew 60% year over year (YoY) in 2021, reaching a whopping $640 billion. It also managed to bring in 1,400 new businesses a day in 2021. Much of the growth from the last two years stemmed from the pandemic-induced ecommerce boom and the rapid shift of businesses moving online. **Retail ecommerce sales in the US surged 36.4% and 17.8%** YoY in 2020 and 2021, respectively, per eMarketer forecasts from Insider Intelligence. This year, sales are expected to grow 9.4% YoY.

The big takeaway: Despite declining valuations across the wider tech space, fintech still remains on top—putting firms like Stripe ahead of other tech upstarts.

An estimated **21% of all venture deals last year were for fintech startups**, according to data from CB Insights cited by TechCrunch. And investments into fintech firms in Q2 weren't far off from the same period last year despite a notable slowdown.

Retail Ecommerce Metrics in the US, 2020-2026

	2020	2021	2022	2023	2024	2025	2026
Retail ecommerce sales (trillions)	$0.815	$0.960	$1.050	$1.177	$1.322	$1.486	$1.672
Retail ecommerce sales growth (% change)	36.4%	17.8%	9.4%	12.1%	12.3%	12.4%	12.5%
Digital buyers (millions)	208.1	211.4	214.7	218.8	223.0	226.8	230.6
Dollars per digital buyer	$3,918	$4,543	$4,892	$5,381	$5,929	$6,554	$7,250

Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales
Source: eMarketer, June 2022

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