

# PayPal mulling proprietary stablecoin to help drive platform growth

Article

**The news:** PayPal confirmed that it's exploring a stablecoin backed by the US dollar after developer Steve Moser discovered code and images referencing "PayPal Coin" inside the

PayPal iPhone app, per Bloomberg.

- A company spokesperson said the hidden code and images were born out of a recent hackathon within PayPal's blockchain, crypto, and digital currencies division.
- Jose Fernandez da Ponte, senior vice president of crypto and digital currencies at PayPal, said the company will work with relevant regulators if it decides to move forward with development. He also said a stablecoin for PayPal's use would "need to support payments at scale and have security."

**Key context:** Stablecoins are generally less volatile than traditional cryptocurrencies like Bitcoin or Ethereum. They're pegged to the value of an underlying currency or commodity, like the US dollar or gold—making them more viable for payments.

One drawback for stablecoins is the lack of adoption and acceptance as payments. But a PayPal stablecoin might be able to overcome this hurdle thanks to the brand's vast merchant and customer bases.

**Why it matters:** A proprietary stablecoin would be the cherry on top of PayPal's crypto-related efforts.

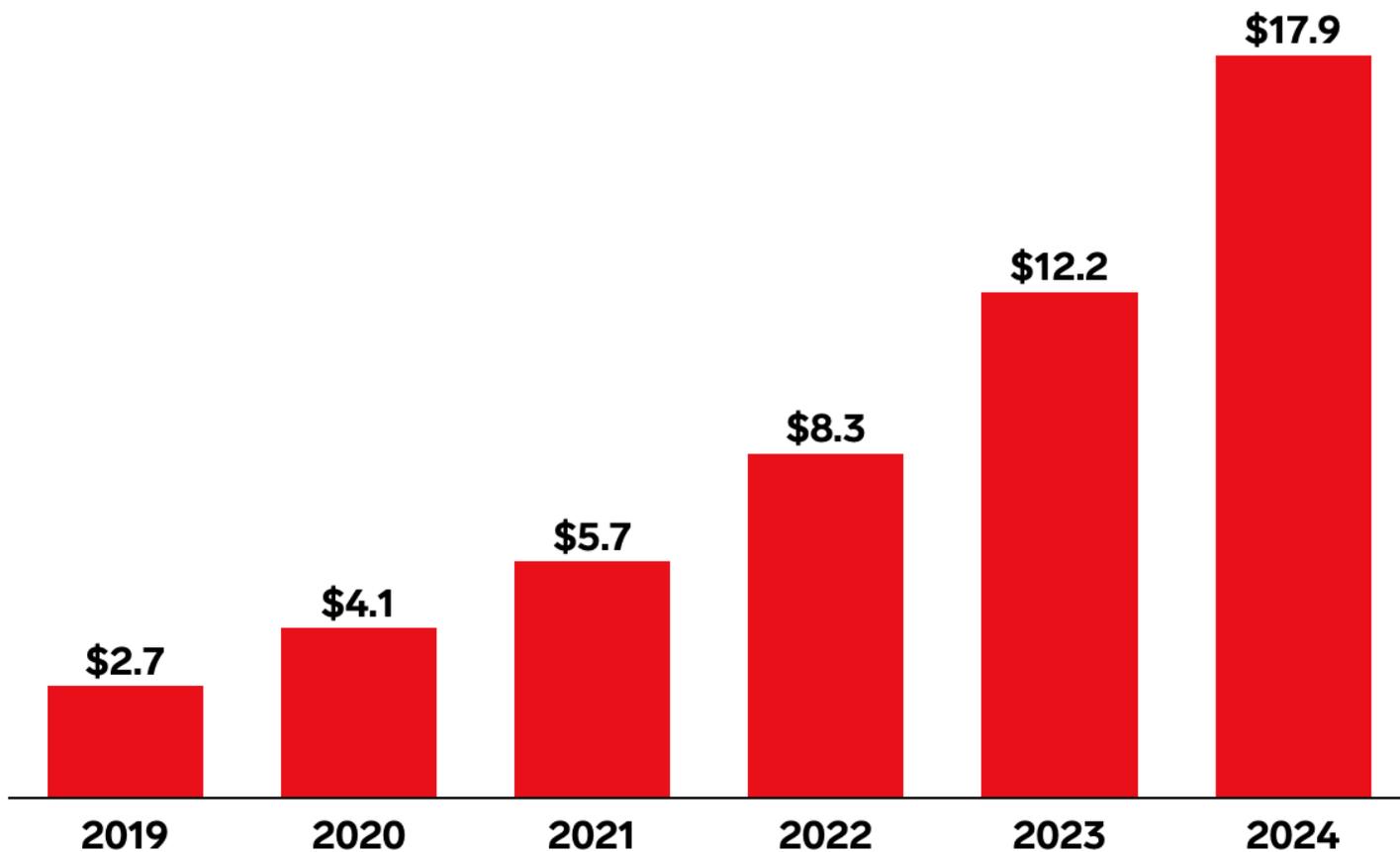
- Since PayPal began letting US users buy, sell, and hold cryptos through its app in November 2020, it's launched several payment-adjacent crypto solutions. It rolled out Checkout with Crypto, introduced Cash Back to Crypto for Venmo credit card users, and also brought its crypto exchange to the UK.
- The potential stablecoin could be used alongside Bitcoin to make purchases through Checkout with Crypto and could be purchased on PayPal's exchange to help drive volume—though the latter's viability will depend on establishing consumer interest and adoption. PayPal could also let users make peer-to-peer payments with the currency through its app or via Venmo.

**The big takeaway:** A proprietary stablecoin could help boost PayPal's revenues, but it would need to adapt to the shifting regulatory landscape: Although no official rules have been created, research and efforts to build a regulatory framework are underway in the US. If the stablecoin does come to fruition, working with regulators can help ensure appropriate security safeguards are in place.

**Related content:** Check out the Use Cases section of our [“Blockchain in Payments”](#) report to learn more about benefits, risks, and considerations for stablecoins, central bank digital currencies, and traditional cryptocurrencies.

## Global Spending on Blockchain

billions of dollars



Source: International Data Corporation, "Worldwide Blockchain Spending Guide," September 2020

Methodology: Data is from the September 2020 International Data Corporation report titled "Worldwide Blockchain Spending Guide." The report quantifies the emerging blockchain market by providing spending data for 10 technologies across 19 industries and 17 use cases in nine geographic regions.

1032882697507

[InsiderIntelligence.com](https://www.insiderintelligence.com)