

# PayPal proves PYUSD has real-world payments applications

Article

**The news:** PayPal completed its first B2B payment using its proprietary PYUSD stablecoin, paying an EY invoice last month.

The payment was completed using SAP's digital currency hub.

**How we got here:** [PayPal launched PYUSD](#) last year in partnership with Paxos.

It tried to encourage a number of consumer uses—from [P2P payments on Venmo](#) to [remittances on PayPal-owned Xoom](#)—but adoption has been slow.

- While it has grown to become the **seventh-largest stablecoin** by market cap (\$694.6 million), according to CoinMarketCap, it is dwarfed by industry leaders **Tether** (\$119.62 billion), **USDC** (\$35.56 billion), and **Dai** (\$5.36 billion).
- PYUSD holdings are also highly concentrated—suggesting a few big users versus many small users. **Nearly 77% of all PYUSD are held by just 10 wallets**, per CoinCarp, compared with 36% for Tether and 24% for USDC.

PayPal has not released any of its own data on PYUSD use.

**Why make the strategic shift:** With unimpressive consumer adoption, it's no surprise that PayPal has shifted toward identifying B2B use cases for PYUSD.

- Earlier this year, PayPal invested \$6.5 million in [embedded finance startup Mesh](#). The investment was financed almost entirely with PYUSD.
- Transacting with PYUSD could unlock real benefits for businesses: Settlement is instant, and transaction costs are often far cheaper than traditional methods.

**Potential sacrifice bunt:** Prioritizing B2B use cases for PYUSD could come at the risk of hurting other lines of PayPal's business.

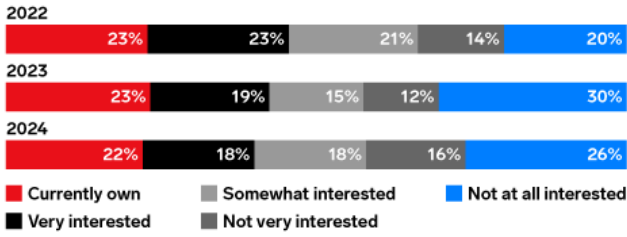
If relying on partners like SAP becomes standard for facilitating PYUSD payments between businesses, PayPal could score stablecoin volume and adoption at the expense of its own [B2B payments](#) solution.

**Our take:** PayPal has taken big steps to prove PYUSD's B2B bona fides, from using it for investments to paying other firms for services rendered. But all of these announcements have a worrisome common denominator—PayPal.

- Mesh and EY have proved that there are at least firms out there willing to accept PYUSD. (How long they keep the PYUSD before redeeming for dollars is another matter.)
- But without big firms not named PayPal stepping up to initiate transactions funded with the stablecoin, PYUSD risks its primary use case becoming PayPal-branded IOUs.

## Ownership/Interest in Cryptocurrency Among US Adults, 2022-2024

% of respondents



Note: ages 18+; numbers may not add up to 100% due to rounding  
Source: Dentsu, "Dentsu Consumer Navigator: Digital Ownership" conducted by Toluna, May 29, 2024

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