

# PayPal's journey into efficiency yields early success in Q1

Article

**By the numbers:** PayPal's total payment volume (TPV) increased 12% year over year (YoY) in Q1 2023 and hit **\$354.5 billion**, a slight slowdown from the 15% YoY jump during the same period in 2022, per its earnings release.

- The volume came from **5.8 billion transactions**, up 13% YoY. This averaged to **53.1 transactions per active account**.
- **Net revenues grew 10% YoY to reach \$7.04 billion**, compared with 8% growth a year ago.

**How we got here:** At the start of Q1, [PayPal laid off 7% of its staff](#)—about 2,000 workers—to cut costs and focus resources on [core growth segments](#). PayPal is “just at the beginning [of] a multiyear efficiency journey,” CEO Dan Schulman said during the earnings call.

### **Here are three growth areas it’s prioritizing:**

**Buy now, pay later.** PayPal’s BNPL program has become one of its most popular services. Schulman claimed it has “among the highest authorization rates and lowest loss rates in the industry.”

- Available at roughly 3 million merchants, **32 million consumers have used it** since its inception in 2020.
- **BNPL TPV jumped 70% YoY** to reach \$6 billion in Q1.
- And it helps grow overall volume: Consumers spend **30% more on branded checkout** when using BNPL.

**Interoperability.** PayPal is adding interoperability to its wallets to increase their utility and encourage use.

- Venmo recently [added crypto transfers](#) to other users and external wallets. PayPal launched this feature last year.
- And through a partnership with **Visa+**, PayPal will let [Venmo and PayPal users to transact with one another](#) later this year.

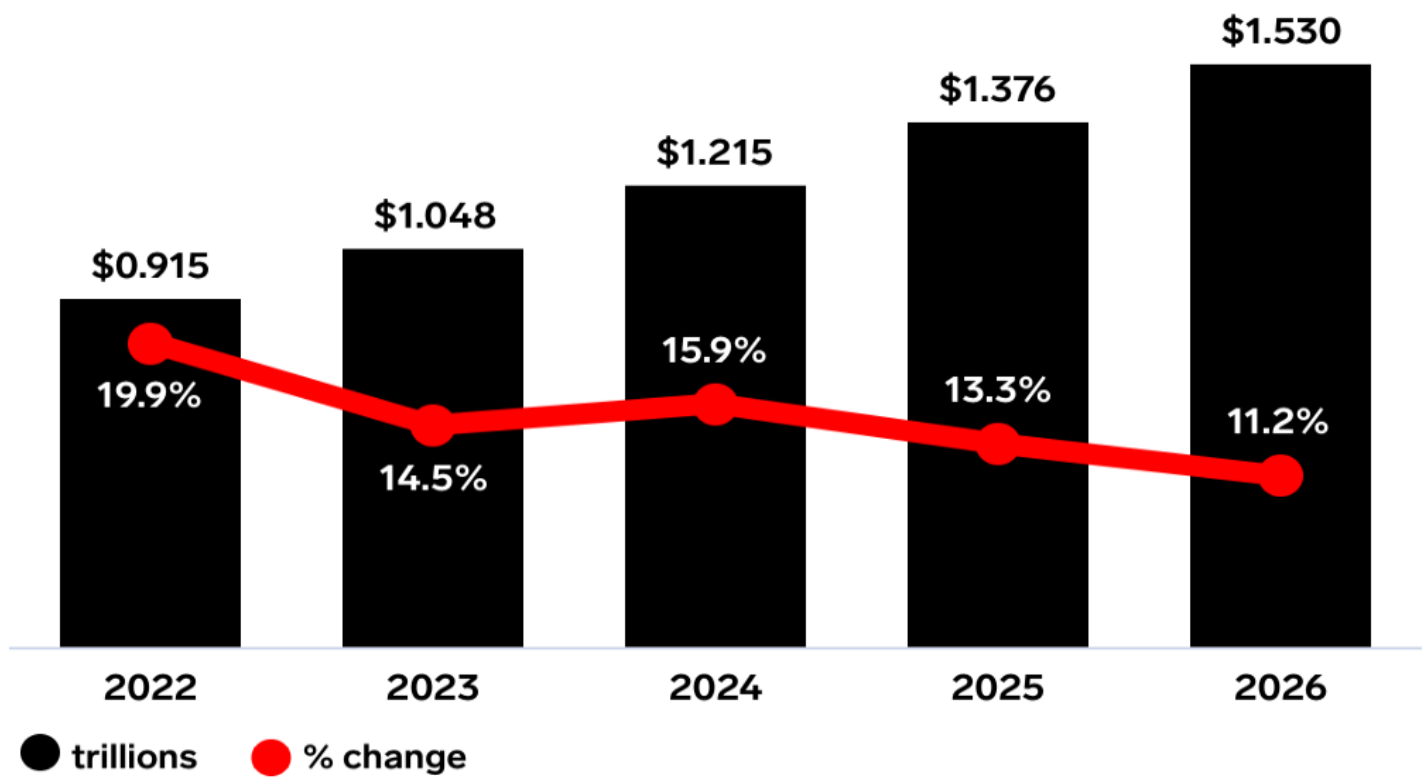
**Braintree.** Braintree contributed greatly to PayPal’s transaction growth in Q1 and will be a vital part of PayPal’s business.

- PayPal is expanding Braintree internationally to drive higher margins.
- It’s also focused on growing processing volume and winning over new clients. One recent win for Braintree is its tie-up with [Live Nation Entertainment](#), which owns **Ticketmaster**, one of the world’s largest ticketing platforms.

**The big takeaway:** PayPal's refocused strategy should help it to maintain revenue growth moving forward. But it's making a lot of changes while facing macroeconomic headwinds, and it needs to be smart about how it navigates this period and what it decides to divest from.

## PayPal Transaction Payment Value

US, 2022-2026



Note: the value of payments on PayPal's platforms and those enabled by PayPal via a partner payment solution; net value after payment reversals; completed by users on all PayPal accounts

Source: eMarketer, December 2022

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