

PayPal plans growth by zooming in on core competency—the checkout experience

Article

The news: PayPal is going back to the basics, CEO Dan Schulman said at last week's Bank of America Global Technology Conference. It plans to improve its core checkout experience,

Schulman said, because “checkout is to PayPal as search is to Google.”

PayPal’s plan: PayPal users only choose PayPal Checkout about 50% of the time it's available to them—and PayPal thinks it can do better.

Schulman outlined three key initiatives to get there:

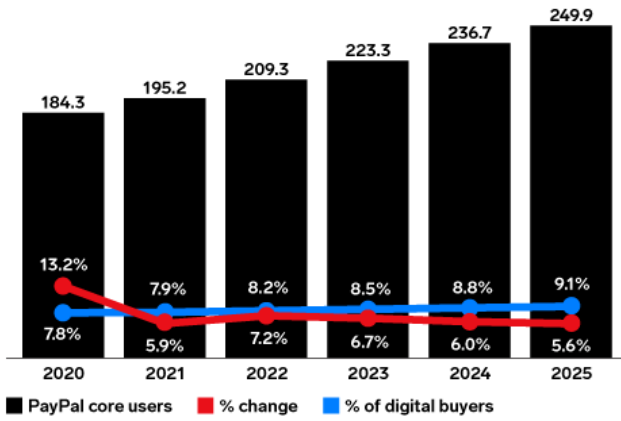
- **Reducing transaction time.** Schulman hopes to improve the checkout experience by reducing transaction latency— the time in which transactions can be conducted. He claimed the company “can cut off several seconds this year alone.” Making transactions more real-time makes the checkout process more seamless, which can encourage PayPal Checkout loyalty.
- **Eliminating passwords.** Users frequently forget their usernames and passwords, Schulman said, which adds time and frustration to the checkout process. Getting rid of passwords is becoming a larger trend not only to improve ease of use but also to enhance security. **Apple’s** fall software update, for example, will include ways to log into various accounts with a passkey instead of passwords.
- **Expanding BNPL.** PayPal also wants to ramp up its buy now, pay later (BNPL) presence to better compete with BNPL players at checkout. Schulman said **200,000 merchants have moved PayPal’s BNPL option upstream** on their product pages before the checkout step, and he believes there’s a lot more room for merchant growth. This will help PayPal hold onto volume as BNPL usage skyrockets: **US BNPL payment value will hit \$75.60 billion in 2022, up 77.3% year over year (YoY).**

The bigger picture: The one-click checkout space is getting increasingly competitive, as evidenced by one-click checkout provider **Fast** shuttering in April. While the space is dominated by titans like PayPal and Apple Pay, these incumbents face growing pressure from **Bolt**, which has been **bolstering** its offering despite dealing with a **few issues** of its own.

Focusing on these three initiatives should help PayPal Checkout improve the customer experience, making the process more seamless and meeting consumers’ rising expectations for payment flexibility. This should help PayPal stay competitive and maintain its momentum: **PayPal’s core transaction payment value is expected to hit \$604.67 billion in 2022, up 21.3% YoY, according to our forecast.**

PayPal Core Users Worldwide, 2020-2025

millions, % change, % of digital buyers



Note: ages 14+; internet users who have accessed a PayPal Core account digitally and/or in-store and have completed a transaction at least once in the past month; includes P2P payments and purchases of goods and services
Source: eMarketer, Dec 2021

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