

# Stripe's decelerating growth reflects harsher reality for payment firms

Article

**The news:** Stripe endured a “significant deceleration” in growth last year despite a sharp rise in the number of large business clients on its books, according to an annual letter.

Company heads Patrick and John Collison [outlined](#) that:

- Businesses using Stripe **processed more than \$817 billion in volume in 2022**, up 26% year over year (YoY)—a significant slowdown from [2020 and 2021](#).
- **Its big company list is growing rapidly:** More than 100 companies exceeded \$1 billion in payments with Stripe annually, up by more than 50% each year since 2018.
- Stripe's **new customers increased 19% YoY** in 2022.
- It's also **expanding internationally:** 55% of new customers last year were based outside the US.

**Unanswered questions:** There were some notable omissions from the company update.

- Revenue and profits weren't discussed, nor was Stripe's long-anticipated IPO.
- The letter also failed to mention [mass layoffs at the payment firm](#).

But the biggest issue left unanswered was [Stripe's recent \\$6.5 billion raise](#) at a \$50 billion valuation, a sharp drop from \$63 billion last June. **The Collisons didn't acknowledge the successive valuation cuts** or whether the firm's slowing growth would keep dragging on its valuation.

**The bigger picture:** Stripe's slowing growth mirrors competitors like [PayPal](#) and [Affirm](#), both of which have pivoted to trimming costs and focusing on more lucrative business areas.

- Stripe is similarly changing tack: Expanding its [Amazon partnership](#) should bolster processing volume, and [diversifying](#) could grow customer numbers and build new revenue streams.
- And Stripe is still a healthy business, as proven by its recent expansion into AI payments and growth overseas.

Lower valuations and tapering growth reflect the **harsher market environment for payment firms**, characterized by leaner funding and startups with less cash to spend. Expect payments firms to react more cautiously going forward as they navigate tightening conditions.

## US Small Businesses' Satisfaction With Their Merchant Services Providers, Nov 2022

scale of 0-1,000\*

Bank of America	886
Square	873
Paysafe	867
PayPal	863
Chase Merchant Services	861
Global Payments	858
Wells Fargo Merchant Services	858
Stripe	855
Priority Payment Systems	854
North American Bancard	853
Shopify	853
Fiserv	842
PNC Merchant Services	839
FIS	837
EVO Payments	833
Intuit Quickbooks	826
Elavon	803
<b>Industry average</b>	<b>853</b>

Note: n=4,825 small business customers of merchant service providers; \*where 1,000 denotes complete satisfaction

Source: J.D. Power, "2023 U.S. Merchant Services Satisfaction Study," Feb 2, 2023

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