

# PayPal rumors fuel thoughts of stablecoin support

Article

PayPal may be considering extending its cryptocurrency offerings to include its own stablecoins, according to reporting from [The Block](#) indicating that the payments titan is in very early conversations about a potential launch. Stablecoins are pegged to underlying assets like the US dollar or gold but use blockchain to facilitate transactions. PayPal is reportedly looking to launch the stablecoin with a third-party partnership rather than building

it from scratch—likely to get it up and running quickly, as it did with the Paxos [deal](#) that enabled it to launch its crypto program last year. In response to the rumors, PayPal told The Block it's in “frequent conversations” about digital currency’s potential but that speculation doesn’t reflect plans.

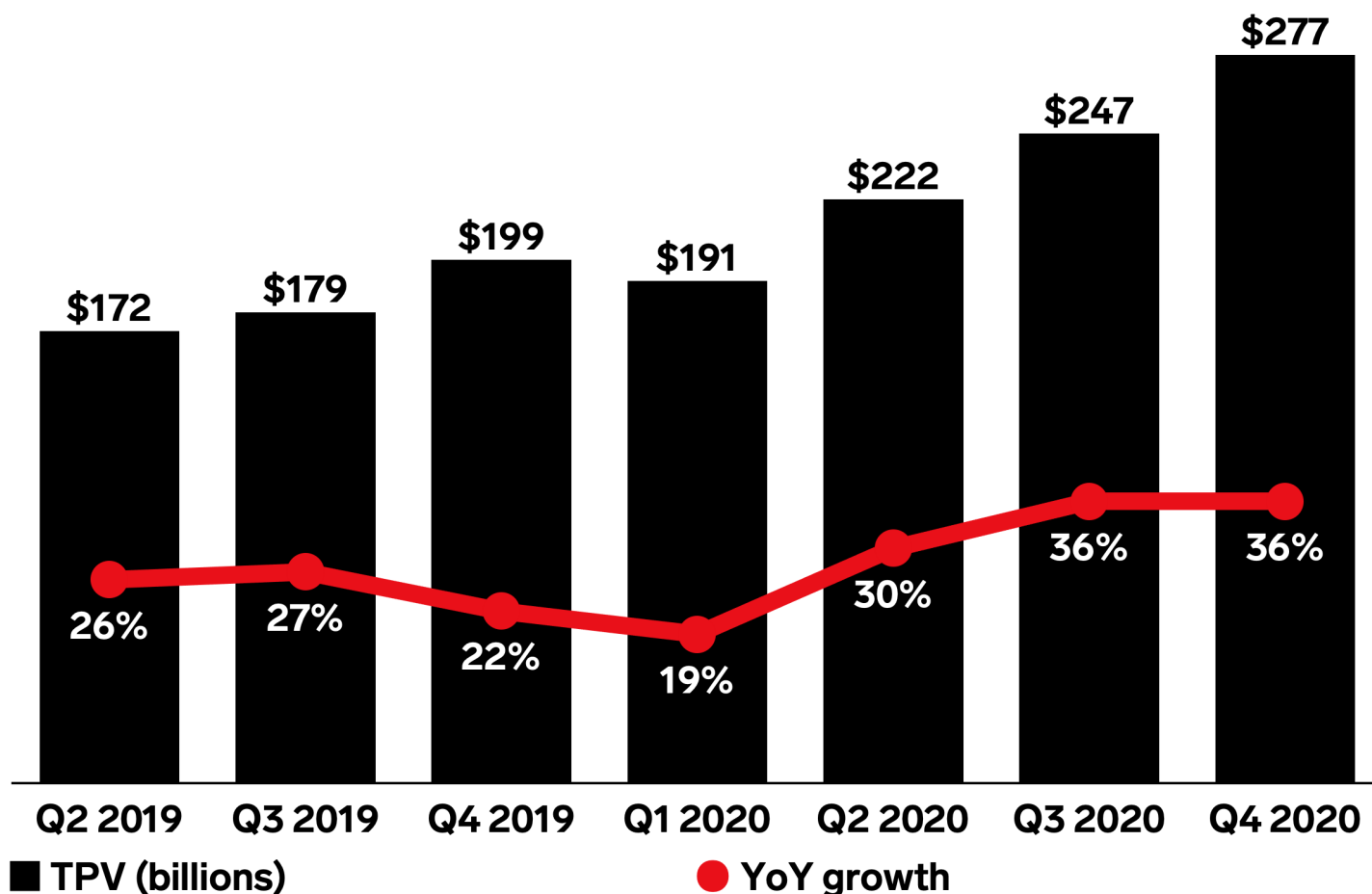
**The move toward enabling cryptocurrency as a payment method rather than just an asset is accelerating worldwide.** Customer interest in cryptos is surging: 40% of [respondents](#) to a Mastercard index planned to use cryptocurrency in the coming year, and millennials are particularly interested, with 77% wanting to learn more and 75% willing to use the tech with better understanding. And companies are furthering their crypto ambitions in response. PayPal, which launched checkout with crypto earlier this year, [anticipates](#) hitting \$200 million in crypto volume within “months,” for example, and more merchants, including [eBay](#), are exploring crypto acceptance. Companies like Square are also [working](#) to help build up crypto-related public policy to educate people and further develop the technology, but the US still needs to recognize virtual currencies as tender, not property, which would remove a major [tax hurdle](#) and help cryptos become a mainstream payment method.

**PayPal’s potential ambitions could indicate that the future of crypto payments lies beyond Bitcoin—in stablecoins and central bank digital currencies (CBDCs).**

- **An uptick in stablecoin- and CBDC-focused pilots indicates rising interest.** A number of providers and governments have been homing in on the technology; most recently, the Digital Dollar Project, a US nonprofit, [announced](#) plans for five pilots over the next year to test various CBDC use cases. Stablecoins and CBDCs are [great candidates](#) for payment methods: Being pegged to an underlying asset makes them less likely to be treated like an investment, which could reduce volatility—a major [concern](#) about cryptocurrency acceptance from the merchant services perspective.
- **If the rumors are true, a PayPal stablecoin could pave the way for other providers to follow suit.** PayPal pushing into stablecoin would represent a “significant escalation” of its work in the cryptocurrency space, according to The Block. Doing so could propel it to the forefront of the space—especially as stablecoins and CBDCs become more popular as payment methods—and continue to drive up both usage and acceptance. At the same time, it might provide a blueprint for firms with similar ambitions and serve as the precursor to a much larger wave of stablecoin innovation.

# PayPal Total Payment Volume (TPV)

global



Note: Values are reported on an FX-neutral basis.

Source: PayPal, 2021

Methodology: This data is from PayPal's Q4 earnings report released on February 3, 2021.

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