

PayPal launches internal and external crypto transfers eyeing long-term crypto growth

Article

The news: PayPal users can now send cryptos to other users free of charge, per a press release. Users can also send and receive cryptos from external wallets and exchanges, but

they'll have to pay network fees.

The features are available for select US PayPal users and will gradually roll out to all eligible US users in the coming weeks. Users need to complete an additional identity verification process to use them.

How we got here: PayPal first ventured into cryptos in November 2020 when it started letting users buy, hold, and sell the digital assets.

- PayPal later debuted Checkout with Crypto, which lets users make purchases with cryptos across its merchant network.
- It's also exploring a proprietary stablecoin, though it has yet to confirm any official plans.

Bad timing? PayPal's latest crypto efforts come amid major market volatility.

Bitcoin has lost **more than one-third of its value** since the year began, and **more than \$1 trillion has been erased** from the broader crypto markets. TerraUSD's implosion last month was a watershed moment that highlighted the need for crypto regulation.

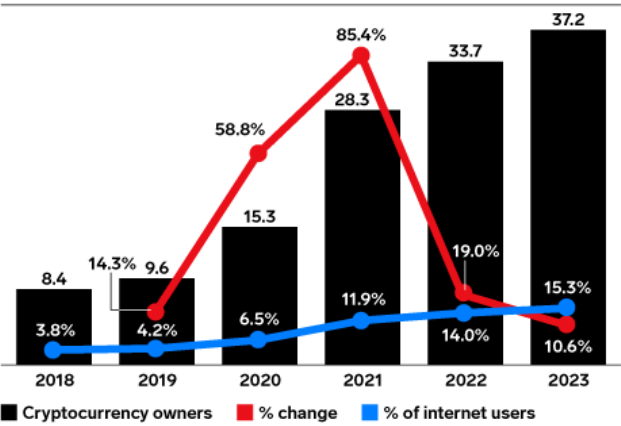
Despite recent turbulence, PayPal sees promise in the space as more consumers adopt cryptos, Jose Fernandez da Ponte—SVP and general manager of blockchain, crypto, and digital currencies at PayPal—told TechCrunch. **The number of US crypto owners is expected to grow 19% year over year (YoY) in 2022** and hit 33.7 million, per Insider Intelligence forecasts. (That's a major slowdown from last year's 85.4% YoY growth.)

The opportunity: Letting users send cryptos internally and externally increases the utility of PayPal's app and can help boost user engagement.

Earlier this year, PayPal shifted its growth strategy by scaling back user acquisition efforts to focus on converting medium-engaged users into highly engaged users—something its latest crypto efforts can help with. The new features also bring PayPal's wallet in line with other crypto wallets, many of which offer users external transfers.

The bigger picture: PayPal isn't the only company ramping up crypto efforts—Stripe, Shopify, and Checkout.com have all signed crypto partnerships in the last few months. While recent volatility in the crypto space will likely affect short-term growth, buy-in from major payment players will support long-term adoption.

US Cryptocurrency Owners, 2018-2023
millions, % change, and % of internet users



Note: individuals ages 18+ who own cryptocurrency (such as Bitcoin, Ether, Dogecoin, etc.) in digital storage/an account
Source: Insider Intelligence, April 2022