

PayPal boosts competitive advantage with slew of new SMB features, including Apple Pay integration

Article

The news: PayPal introduced four new features for small and medium-sized businesses (SMBs), per a press release.

- PayPal added **Apple Pay** as a payment option for [Advanced Checkout](#), which offers more payment features and personalization than its standard checkout solution.
- Customers can save their cards to a specific merchant's site for faster checkout. They won't need a PayPal account to use the feature.
- PayPal added support for a real-time account updater and network token, which will let it automatically update account details for lost or stolen cards that are reissued.
- The company also introduced an [interchange++](#) (IC++) pricing model for SMBs. Previously, PayPal charged a flat fee for Advanced Checkout, but IC++ can be a good alternative for medium-sized businesses with higher sales volume, Nitin Prabhu, PayPal's VP of Merchant Experiences and Payment Solutions told TechCrunch.

The opportunity: PayPal's new features can help it in three ways.

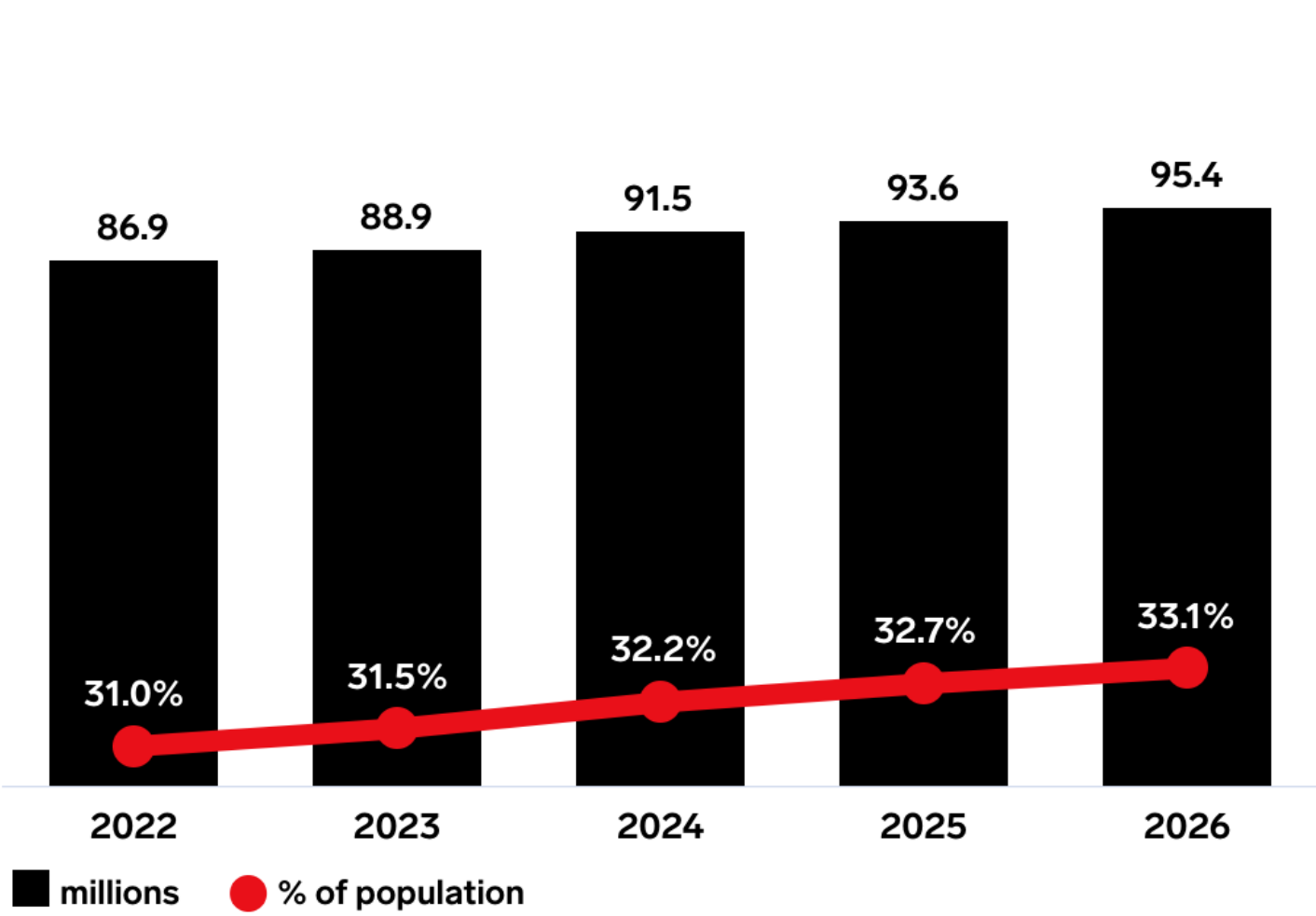
1. **They can help improve the customer experience.** Even though Apple Pay competes with PayPal's own buy button, adding the [popular payment method](#) gives customers increased checkout convenience. **Forty-four percent of US consumers said they preferred shopping from retailers that offered multiple payment options**, per Jungle Scout. Enhancing the customer experience can lead to repeat purchases, which benefits both merchants and PayPal.
2. **The features can also boost conversion.** Letting customers save their card information and automatically updating account details for reissued cards helps reduce checkout friction, which can support higher conversion rates.
3. **They can also help PayPal compete more aggressively.** The online checkout space is getting more competitive as new entrants enter the fold. For example, last year **Amazon introduced Buy with Prime** and **Block expanded** Cash App Pay beyond the Square ecosystem. By introducing enhanced features, PayPal can drown out noise from rivals and maintain its checkout dominance.

Why it's worth watching: The enhancements align with PayPal's push to invest in ["high-conviction projects."](#)

These projects include [passwordless checkout](#), one-click in-app experiences, and supporting advanced checkout flows with data and AI capabilities, all of which [CEO Dan Schulman highlighted](#) during the firm's Q4 earnings call. PayPal recently underwent a cost restructuring—including [layoffs](#)—to free up funds for high-potential growth initiatives, even as the firm takes a more cautious approach to spending in 2023.

PayPal Core Users

US, 2022-2026



Note: ages 14+; internet users who access a core PayPal account and complete a transaction digitally and/or in-store at least once per month; includes purchases of goods and services; excludes P2P payments and purchases on eBay with PayPal

Source: eMarketer, December 2022

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