

# PayPal could offload Xoom to refocus on higher-growth areas

Article

**The news:** PayPal is reportedly exploring the sale of its remittance service Xoom, according to The Information, which cited a person familiar with the matter.

The payments firm is working with Goldman Sachs on the sale and looking for prospective buyers.

**Xooming in:** Since buying Xoom in 2015, PayPal has expanded the services it offers in a bid to grow its customer base, and it has aspirations for a super app. But Xoom operates in a fiercely competitive market and PayPal doesn't publish separate financial figures for the unit, making it difficult to judge its performance.

In its latest accounts for the first quarter, the peer-to-peer total payment volume (TPV) for PayPal, Venmo, and Xoom increased 2% to \$91 billion, although it's not possible to tell if Xoom contributed to growth.

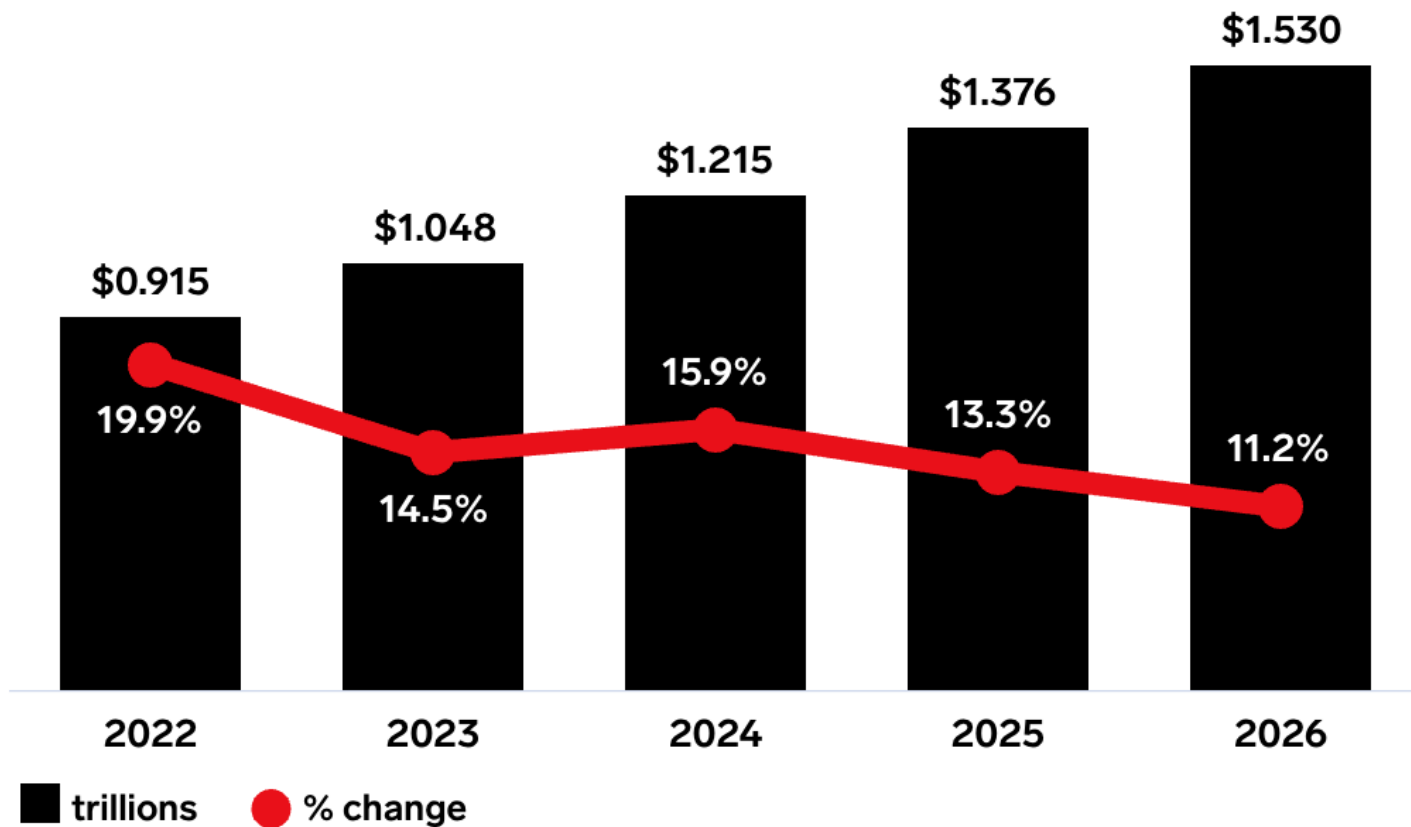
**Why sell Xoom?** PayPal has endured a challenging 2023.

- It embarked on **major cost-cutting** reforms, including laying off 7% of staff.
- It's also narrowed its focus to three core segments: checkout, digital wallets, and Braintree.
- **But investors haven't been won over by changes:** Shares are down almost 18% this year and down more than 80% from 2021 highs.
- And sliding shareholder confidence hasn't been helped by **slow progress in replacing outgoing CEO Dan Schulman**, who will leave the firm at the end of 2023, as pressure builds to find a successor.

Selling Xoom could play into PayPal's strategy of cutting costs and prioritizing high-growth business areas. The remittance market is already flush with established competitors, including incumbents, fintechs like **Wise**, and neobanks like **Revolut**. That may mean PayPal pivots to focus on areas where it's generating easy growth, like buy now, pay later (BNPL) and Braintree, while reinvesting money back into core areas. If this strategy is successful, it could prompt PayPal to offload other non-core business units.

# PayPal Transaction Payment Value

US, 2022-2026



Note: the value of payments on PayPal's platforms and those enabled by PayPal via a partner payment solution; net value after payment reversals; completed by users on all PayPal accounts

Source: eMarketer, December 2022

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