

PayPal's Q4 earnings: Cost restructuring will fuel product innovation in 2023

Article

By the numbers: PayPal's total payment volume (TPV) increased 9% year over year (YoY) in Q4 2022 and hit \$357.4 billion, slowing from a [23% YoY jump](#) during the same period in 2021,

[per](#) its earnings release.

PayPal exceeded **6 billion quarterly transactions** for the first time. Transactions per active account—which PayPal uses as an engagement metric—grew 13% YoY, up from Q4 2021's 11%.

Net revenues jumped 9% YoY to \$7.4 billion. Revenues increased 17% YoY during the same period last year.

How we got here: CEO Dan Schulman—who will retire at the end of 2023—highlighted a few factors that fueled Q4 TPV and revenue growth during the firm's [earnings call](#).

- PayPal's buy now, pay later (BNPL) program spurred strong checkout volume and TPV increases. It's offered **nearly 200 million loans** to almost 30 million customers globally since launching in 2020. The program is available at about 300,000 merchants worldwide.
- Transaction volume was mostly driven by **Venmo** and **Braintree**, PayPal's payment gateway geared toward larger merchants.
- Higher interest income from customer store balances and strong uptake in both consumer and merchant credit products also contributed to revenue growth.

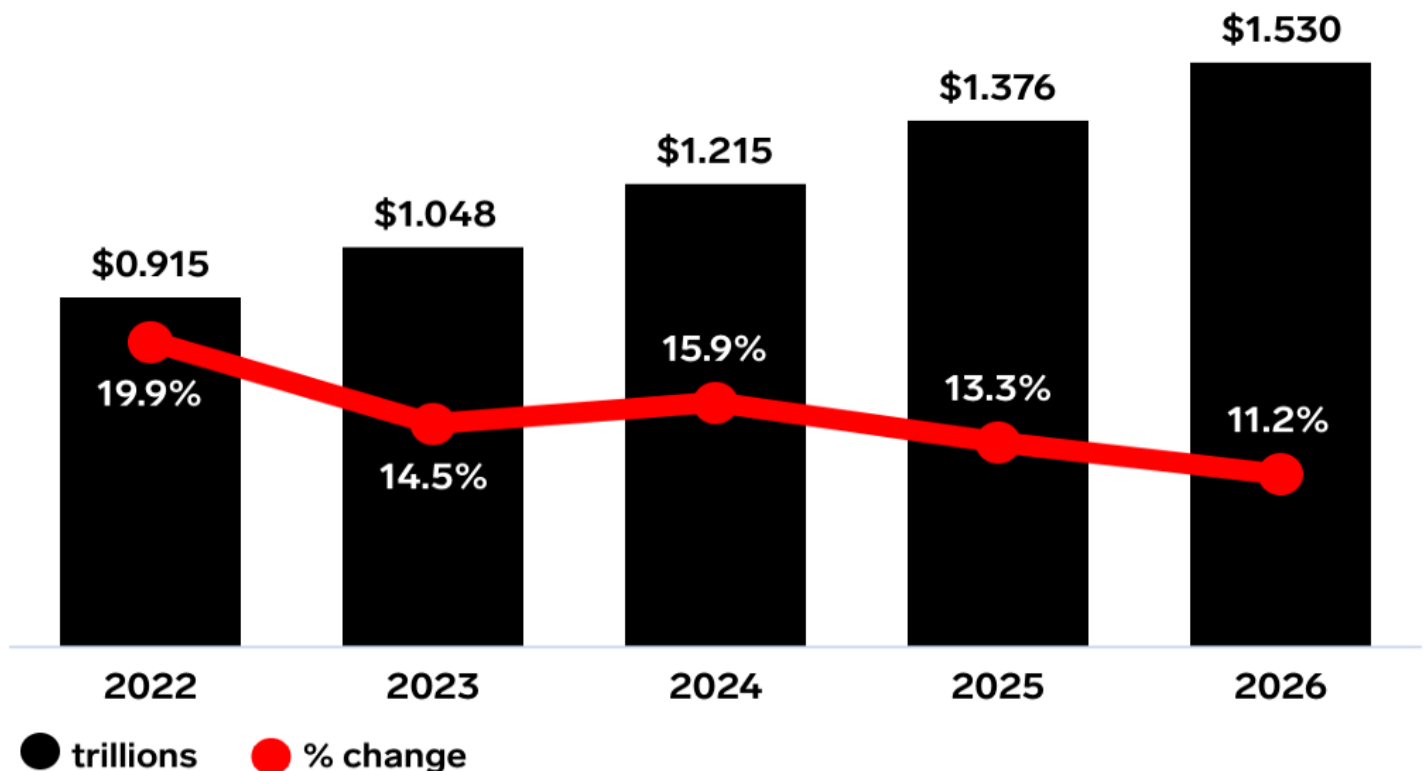
What's next? PayPal will focus less on growing customer accounts—one of its previous core goals—and more on cost restructuring so it can allocate more funds toward high-growth initiatives. Other fintechs, like [Affirm](#), are adopting similar strategies.

- PayPal will [let go of about 2,000 employees](#), or roughly 7% of its global workforce, this month. This will help the company save about \$600 million, on top of the \$1.3 billion in savings it's already achieved, Schulman said during the earnings call.
- It will invest these savings in “high-conviction” projects like passwordless checkout, one-click in-app experiences, and supporting advanced checkout flows with data and AI capabilities.
- PayPal wants to build out its digital wallet and strengthen its peer-to-peer (P2P) payments value proposition by streamlining customer onboarding and reducing payment declines. It will also expand its unbranded checkout offerings, like the [PayPal Commerce Platform](#).

Related content: [Check out our PayPal report](#) to learn about the key factors influencing the firm's growth.

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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