



MI Featured Stock: PayPal

As preference for online shopping continues to grow, transactions between businesses and consumers have seen a radical shift. PayPal has been at the forefront of this innovation since the very beginning. With various companies under its umbrella and a strong presence in 200 markets around the globe, PayPal has become a household name in the e-commerce industry.

Company Overview

The company was founded in 1998 as Confinity — then quickly renamed PayPal — with a mission to make money move faster and more efficiently. It first gained popularity through eBay by eliminating the need for buyers to send checks in the mail for online purchases. This shift began transforming e-commerce into what it is today.

In 2002, PayPal merged with eBay, becoming its official payment provider. This merger increased PayPal's recognition and usage among online businesses and shoppers. The partnership lasted for over a decade, but leadership at eBay recognized that the digital marketplace was evolving and the two companies would need to part ways if they wanted to unlock future growth. In 2015, they officially split, and PayPal began trading under the ticker symbol "PYPL."

Prior to the separation, PayPal acquired Braintree, a payment processing platform for businesses, and Venmo, a popular peer-to-peer payment app. These are still subsidiaries of PayPal, and the company has continued to expand into emerging markets through additional acquisitions. Despite growing competition, PayPal has been able to maintain a sturdy and diverse presence in the industry.

Market Position

Extensive User Base

Today, PayPal is the [largest e-commerce payment brand](#) in the U.S., with a user base double that of its closest competitors. Venmo, which is also owned by PayPal, ranks second. Additionally, PayPal is the [largest online payment processing software](#) in the world, with over 45% of the market share.

At the end of 2023, PayPal had more than 400 million active accounts and facilitated 25 billion transactions for a [payment volume](#) of over \$1.5 trillion.

Global Market Share and Refinement

PayPal operates in about 200 markets around the world and is committed to expanding into other countries. It recently acquired a "buy now, pay later" platform in Japan and became the first foreign payment platform to operate in China through a merger with GoPay.

In addition to expansion efforts, PayPal has prioritized refining its current services through partnerships with major card issuers and banks such as Visa, Mastercard, Bank of America, Wells Fargo, JPMorgan Chase, and many others. Collaboration with these leaders has brought a wider range of payment options for its existing customer base.

Innovation and Services

To stay competitive, PayPal continues to innovate and diversify its offerings:

- **Cryptocurrency support:** Users can buy, sell, and hold various cryptocurrencies through the platform.
- **PayPal USD (PYUSD):** PayPal introduced its own stablecoin backed by U.S. dollar reserves.
- **Buy now, pay later:** To compete with companies like Affirm and Klarna, PayPal allows users to pay in four payments or monthly.
- **Business solutions:** PayPal offers comprehensive services like financing, fraud protection, invoicing, and many others.

The Moore Invested Scoop

Consistent Growth

PayPal has posted [increasing revenue](#) every year since 2013 and reported an 8.2% increase year over year for the second quarter of 2024. While earnings are projected to slow, the company is still on track for consistent growth.

Stock Buyback

PayPal has plans to repurchase about 8% of its outstanding shares in 2024. This is a big deal for investors, as removing shares from the market will raise their ownership stakes and earnings per share. The buyback also demonstrates the company's confidence in future growth.

Past Performance

The stock peaked in 2021 at \$310 per share during the tech boom and is now back at levels not seen since 2017. We believe that this correction presents an opportunity for long-term investors to accumulate shares at a desirable price.

Future Outlook

As e-commerce continues to expand, PayPal is well positioned as a growth stock. With its large user base, established brand, and diverse range of services, the company remains a strong player in the digital payment industry, suggesting it will remain relevant for years to come.

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