

**Fireside Chat: Our Strengthening Merchant Value Proposition** | February 11, 2021

**Peggy Alford**, *EVP of Global Sales*

**Jim Magats**, *SVP of Omni Payments*

**Moderated by Gabrielle Rabinovitch**, *VP, Corporate Finance and Investor Relations*

**Gabrielle Rabinovitch**

Peggy and Jim, you and your teams have been working closely with our merchant population to understand their needs and deliver meaningful solutions. I'm excited to talk with you about that today. I also think for context and level setting, it's important for our audience to appreciate that between Peggy and Jim, we've approximately 35 years of experience working at PayPal on this stage.

To get started, can you share a little bit about the evolution of your career at PayPal, your role today and what your respective teams do? Peggy, let's start with you.

**Peggy Alford**

Sure. Thank you. So I've actually been at PayPal, I started in 2002 and I actually started on the finance side. I've had a number of operating roles, and currently I run global sales, which means that I have all of the sales teams around the world, but I also have the customer success teams, the ones that are actually protecting the back book, those that are our customers, our same store sale customers. And then also all of the sales enablement teams across the world that help the sales teams sell.

**Gabrielle Rabinovitch**

Wonderful. Jim.

**Jim Magats**

I started in early 2004. A team of four people looking at our payments and our expansion into Europe and Asia and spent time always in the payments realm in some form or fashion. Currently my scope of responsibilities, I look after our merchant facing product experiences, inclusive of that, our Braintree product, iZettle and Hyperwallet, as well as the underlying payment systems and payment partnerships that enable our brand and our full-stack solutions.

**Gabrielle Rabinovitch**

Great, thank you. Peggy, you're on the front lines with our merchants. Last year, the playing field completely changed for them globally. Can you tell us how you're helping our business customers navigate this evolving environment?

**Peggy Alford**

Well, obviously the theme has been around digitization. There's been a real need to digitize commerce. And so that's been a theme that sort of spans all segments and all types of customers, but different customers have actually had to adapt in different ways that we've seen. So there's the platform customers that, the likes of Uber, where they've been able to really shift their strategy from one of rides to one of delivery. And so that has been some of those larger platforms have been able to adapt very easily. And then, for companies like Ikea, we were able to help them really move online and move out of the store environment into really expanding their digital footprint. And so using the PayPal solutions, we were able to help them digitize across the globe and they expanded that digitization footprint into new markets.

I think that there were examples like Spotify, where we were helping them with our PayPal.Me create solutions where they could actually help their artists be able to, help their listeners be able to contribute to artists or to other charities of their choice or just connect listeners with the creators. So it's really just been about the digital connection and enabling that digitization of commerce, but it's been different depending on the segment.

There definitely has also been the adoption of our solutions across the commerce journey. And so everything from contactless payments was a huge focus for us this year and was needed by merchants of all types. So everything from the farmers' markets, with the small merchants having to really come online to things where we were actually launching very large merchants like CVS using this contactless payment solution. Flexible payment options was another need of merchants of all types. And so our buy now, pay later could not have come at a better time. And we were able to launch it in the US with Pay in 4, and Pay in 3 in the UK.

So it's really just been about being a consultant to all of these different types of merchants and use all of our solutions together to be able to meet across the commerce journey.

**Gabrielle Rabinovitch**

It's fascinating. It's amazing how we pivoted so rapidly to help serve their evolving needs last year, given the rapid change we saw. Jim you're developing products for these business customers. Given what Peggy shared, what are you prioritizing right now?

**Jim Magats**

Well, what's interesting, just the surge of the amount of merchants that are digitizing. Peggy indicated in every segment and for us, it starts with just getting the basics right. We have on average, about 15,000 net new merchants coming onto our platform every day. That's more than many other PSPs [payment

service providers] have in total. And for us, it's really getting the basics right from onboarding, approval rates, dispute management, integration. A lot of these merchants don't have a deep sophistication and technology because they're just coming new to the digital space. And so we're really just trying to get the basics right for them.

Beyond that really what we're looking at is for all of these merchants, they're really time starved. They want an integrated solution. So we're taking all of our great assets, be it Braintree, Hyperwallet, what we do on credit, and what we do from a risk management perspective, Venmo, all those, and trying to integrate them in a very seamless, easy platform for them to utilize. And we call this our Commerce Platform. And really the Commerce Platform is around connecting customers and connecting these tools together.

So for us, we've already started with integrating Simility, our risk and fraud management service into Braintree. We've already integrated our payout solution, Hyperwallet and our mass pay solution together. We've integrated our QR code and a lot of our online payment acceptance capabilities into iZettle, and we're looking to do more of that as we go throughout the year. The other piece that a lot of our merchants come to us and tell us about is they want an integrated omni-channel solution. So they want to have one set of solutions that can work, whether the customer's in store or online. And to that degree, we're focusing with our Braintree customers, having soon rolled out an in-store solution. So if you're a customer of Braintree, it doesn't matter whether the customer comes online or in store, it's integrated from a complete end to end experience.

What we can start to do with that when we bring a lot of our assets together is really create a connected experience for the customers of these merchants. So imagine you show up in store, they already know what your payment information is. Imagine you're in store and you look at a particular shirt and you go home and that shirt is in your shopping vault online as you work through that. So these are all things that we can do together from a large merchant perspective.

The other thing we're really excited about is what we're going to do with iZettle. iZettle is going to come to the US later on the summer. iZettle is really about an integrated solution for physically first merchants. And why that's important is PayPal is predominantly played with digital first merchants. And there's estimates that about 47% of all small businesses don't have an online presence. So for us, it's going after a huge segment of those that have need. So we're going to be integrating iZettle. And what iZettle really does is create inter-operability with their tools like their order management, inventory management, accounting services, and have a great in-store solution. And then as they need digitized solutions, we're in a position then to give them all the wonderful things that we do from an online perspective. Beyond that, we're looking from a geographical expansion. We're looking in terms of Brazil and China, Mexico, Japan, as a focus area, and all the wonderful things that we're doing from our branded products like Pay in 4 and QR code. We're making sure that those can be curated and easily subsumed by our merchants.

### **Gabrielle Rabinovitch**

Fantastic. Jim's talked a little bit about how we're serving small and medium sized businesses [SMBs], especially in bringing iZettle to the US. These businesses are really foundational for our economy, but

they're also foundational for PayPal. Last year we added more than 5 million SMBs to our platform. This is an increase of more than a hundred percent year on year. So we really saw incredible growth. How are we serving the segment from your side and what do they need?

**Peggy Alford**

Yeah, it's interesting because you're right, SMBs have always been the bread and butter of PayPal and tremendously important to our consumer network. In the last year, they have often really suffered because a lot of them had much more of an offline presence than an online presence. And suddenly COVID required that they completely digitize everything quickly in order to survive.

And, as I mentioned earlier, a lot of times, small businesses don't have the resources or even the expertise to really focus on how they might do that. Whether it's the actual payment experience required for digitization, or even earlier in the journey, how do you attract customers in a way online? And so we needed to really serve as consultants and use all of the services and products that we had that could help them really digitize and compete where there was absolutely no choice, but to be fully online. And so everything from using our Honey and shopping products and really trying to make sure that we can create the demand gen necessary for them to attract consumers online. Really creating solutions that they could easily integrate, because they don't have a lot of time and resources to be able to integrate all of our solutions together. Jim talked about our commerce platform, where we're really able to weave together all of the products and services that we offer for an easy integration. That's tremendously important to our small business customers. And then really reaching new audiences as well with the likes of Venmo, and potentially introducing new consumers that maybe they weren't able to reach before.

But all of this requires a full integration of how we think about product, how we think about marketing, and how we think about sales, because the levers for growing the SMB business is really all three of those, and so our focus has really been able to bring all of those capabilities together to serve small customers.

**Gabrielle Rabinovitch**

That's fantastic, thank you. Jim, we've talked about bringing a record number of merchants to our platform. The same time that we brought a record number of merchants, we actually brought a record number of consumers as well. So I think last year we brought about 65 million new consumers onto our platform. This presents really unique challenges, and we were able to grow volume at record rates while minimizing our losses. So this sort of challenge of maximizing authorization rates while minimizing the risk on our platform is something we were able to deliver. How does your team do that, and how do you think about that problem?

**Jim Magats**

What our teams have done is absolutely fantastic. I would equate it in the payments industry to the trifecta. We've increased our auth rates, we've lowered our loss rates, and at the same time kept our transaction expense at an all-time low. And in doing so, what we've been able to do is to remove a barrier, a decision that a lot of our merchants have historically had to make. They've had to choose between increased auth rates and then basically having to deal with more risk losses, or lowering their risk losses and at the same time reducing their auth rate, which hurts their conversion and hurts their relationship with their consumers. And so we've been able to give them the best of both worlds. If you look since 2018, in the three-year period of 2018 to 2020, we've increased our auth rate on our PayPal wallet by up to 400 basis points, which in effect has meant that we've been able to deliver for our consumers and merchants of PayPal wallet an additional 1 million transactions each day through the work that we've enabled on auth rate.

And what we've also seen is we've started to benchmark our data versus industry standards and industry standards that we've seen with the payment networks. And we've seen up to 600 basis points better, our PayPal wallet in terms of auth rate, than they would see and they've measured in terms of the average card transaction. So if you're a merchant and you're taking PayPal wallet, you're going to see 6 more transactions out of every 100 than they would if they weren't taking PayPal wallet. All the while, we've been able to lower our risk loss rate. And I already thought the teams had done an absolutely fantastic job, but if you look at the numbers since 2018, we were at 18 basis points of risk losses, and now we're at 12 basis points of risk losses. And they've done that in the situation where we've had a record number of net new users and continuing to have a lot of cross-border transaction. And net new users and cross border transactions very, very much create a headwind for our risk losses as we work through that, and they've been able to do that with good experience.

And so how we've done it, we've focused, one, on leveraging industry standard tools, and really taking what is today very fragmented tools and scaling them. One example of that is network tokens, and network tokens are capabilities that help with life cycle events like when a card is lost or stolen, and we've been able to scale that. And right now, we have over 400 million tokenized cards within our payment vaults. We will, by the end of 2021, have 750 million tokenized transactions. We also have developed our own proprietary capabilities, things like smart routing, which if there's a problem somewhere within the payment ecosystem, we're able to reroute a transaction and maximize the chances that it gets approved. We also have developed different algorithms and machine learning that help with predicting, when a card is about to go stale or lost or stolen, what would the next card information that can automatically update that within our ecosystem.

What we've also done is leverage data, and we have a lot of data. We estimate that we manage securely about 500 petabytes of risk and transaction data that we have within our ecosystem. And so in doing so, that 500 petabytes of data basically equates to about 25 Library of Congresses. That's the amount of data that we have. And what our risk and fraud and decision sciences team do is they curate that data, because not only do we have a lot of data, we have a lot of heterogeneity of that data. We estimate that we have about 400 different industry standard types that we support. We support customers from nearly 200 different markets. And so in doing so, we take all this data, and we curate into the most appropriate data for risk management for us to basically score every transaction very seamlessly. To put it in perspective, within 0.3 seconds, we're able to run hundreds of models using thousands of different data variables to score a transaction to maximize the amount of good users that are using our systems and eradicate bad users for our platform.

So what we're doing next... Because we're not satisfied where we're at. We think we have wonderful capabilities and we can do even more. Our first focus area's on our PayPal wallet, and we want to move to what we're calling 100% good-user approval rate. That means that any user that is not a fraudster that has good intent and has money in any one of the particular funding sources that they put within the PayPal wallet, we're going to find a way to approve. The second thing that we're going to do is focus on our Braintree merchants, and take all the wonderful capabilities that we've scaled for our wallet and bring that to Braintree. We've already started that with many of the top merchants that use Braintree, things like network tokens, real-time account updater, the smart routing logic I discussed.

All those are going to be focused on our Braintree merchants. And last but not least, what we're going to look to do is to bring to our unbranded or Braintree merchants chargeback and fraud protections. Something that our merchants love for PayPal volume, we're now going to bring that in scale that for our Braintree merchants. So regardless whether it's a PayPal transaction or another type of transaction, they can offer and feel protected against unwanted transactions. So with that, we're excited where we're going.

### **Gabrielle Rabinovitch**

Thank you. Peggy, we've talked about our expanding set of capabilities that we're bringing to our business customers. We've also talked about the evolving needs that our customers have. How have these factors changed our sales process?

### **Peggy Alford**

We've had to evolve with it. If you can imagine, if you go five or six years back, the majority of what we were selling was our branded checkout product. And so you could almost think of it like our sales folks were selling to different segments to different markets around the world, needed to be very well-versed in terms of what was going to resonate with our network, both consumers and merchants. But at the same time, we were selling a few products, and so it was more of a product sale. If you can imagine, when you start to think about all of the sort of digitization of commerce and all of the product development that have enabled us to add capabilities to that journey, along with all of the acquisitions that we've done, whether it's Braintree to be able to do credit card processing, whether it's Simility to be able to do [risk as a] service, Venmo enabling you to really reach a new set of consumers.

All of these things require the need that you have expertise in all of those areas, but more importantly, they all need to sort of fit together into more of a solution sell as opposed to a product sell. We're also having to speak to very different people at our customers than we were in the past. So in the past, we were often talking with the payments team, or the CFO, or the treasurer, and we were talking about how we were going to save them costs and get them more transactions or a better conversion rate. Now, as you start to think about attracting additional customers and competing on the demand side for customers, now we're starting to speak with the chief digital officer or CMOs [chief marketing officers].

And so enabling our sales teams to be able to sell all of the solutions in a cohesive way, in a way that enables us to resonate credibly with people across the C-suite, is something that has required a real

change in how we train our salespeople. In addition to that, in the past, we would really look to be aligned with marketing. Marketing was really focused on how to create this network effect that is the magic of PayPal, and we were focused on ensuring that we were... we had consistent messages with that, but maybe not as integrated. Now, it is required that we are fully working, marketing and sales are working together. Because, if you think about all business customers really care about is that next customer, that larger transaction, the bigger basket size. And so, being able to create these integrated marketing offerings and then offering them in a credible way to our customers when relevant, is something that requires a real integration between sales and marketing. And so that's been a real change as well.

**Gabrielle Rabinovitch**

Incredibly helpful. I'd like to shift gears a little bit. Jim, we've made a lot of progress in China, over the past 18 months. I think it'd be great to hear where we are in that journey and what comes next.

**Jim Magats**

Yeah. So, I think when you view our platforms, one of the things that I think a lot of people should appreciate is the access to customers that we create. And I think China is a great example that sets us apart from others. I think we are uniquely positioned to unlock China for many of our merchants that sit outside of China, in terms of giving them access to Chinese buyers, as well as our consumers around the world to get access to the Chinese sellers.

And what we have done in the course of the last several months, and literally, it has been several months, we've one, gotten a payment service provider license, and we are the first non-Chinese company to get a payment service provider license in China. We've stood up a whole instance of PayPal in China to utilize that license. And that was literally done in about six months. And so, our ability to react to the market conditions, get the license, and now be in a position to really thrive and grow in China for us.

And let me give a little bit of context as to what we can do now with this license. Historically, because we were an unlicensed operator in China, we were unable to support certain service types. So for example, if a merchant needed to process VAT, needed to process different tax or custom information, we were unable to do that. We were unable to clear and process in local RMB [renminbi]. Now that's something that we're able to do because we'll be able to process transactions. And if you're a merchant of PayPal, you don't have to go to a third party to get your money out. We're also able to work now, more collectively with different merchant types. We're also able to work with several of the banks like we've done in the U.S. to partner with them and to basically, create a situation where they can promote PayPal and promote PayPal out to their customers for cross-border buying as they work through this.

The other piece that we're excited about is, we can now utilize this commerce platform approach that we're taking. We're integrating Hyperwallet into our GoPay solution. So if you're a merchant that's operating in China, you can utilize Hyperwallet and the capabilities associated with that. Or, if you want

to just use Hyperwallet, we can leverage our GoPay entity there for RMB withdrawal. And what we're also planning to do is to eventually launch Braintree in the market.

So, all of our assets start to come together, based upon the license and what we've done. And so we're really excited that we're focusing first, on standing up and scaling our export selling solution, that we estimate that right now, PayPal supports about 10% of export selling. And so, we think there's a huge, addressable market now that we can go after. We're going to go after our cross-border buying and unlock those Chinese consumers to the rest of the world.

And what we're also doing, which is an interesting play on a lot of things that you've heard about in store, is that we're enabling our QR code solution for tourists as they come to China. And if any of you've been to China, it's very challenging sometimes, to use your typical cards, in terms of them not being supported. So, leveraging our partnership with China UnionPay we'll be able to affect a QR code solution, so any tourists or anyone visiting China can pay at any location that accepts the China UnionPay QR code, which is most merchant locations.

### **Gabrielle Rabinovitch**

That's great. Historically, we haven't had as much penetration in some of the Asian markets and some of the South American and Latin American markets. So, it's great to see us be able to move forward. Peggy, spinning the globe a little bit, which market do you think provides the greatest near-term opportunity for PayPal?

### **Peggy Alford**

Well, an area that is a high priority for us in the next year, is Europe, EMEA. And if you think about EMEA, it has a similar GDP as the U.S. but we're less penetrated. And the margins of Europe are higher than they are in the U.S. And so, that is appealing in itself. There's also a lot of regulatory complexity in Europe. And so, we have the capabilities to really be able to set apart and really serve our customers in those markets.

And so, we're incredibly excited about Europe, specifically, the UK, Germany, Switzerland, France, Italy, Spain. So the core... What we call our core European markets, is an area that we're really focusing on. Jim also mentioned, what we call our growth markets. So, Japan is incredibly exciting, the third largest economy in the world and very specific capabilities needed there. And we intend to invest heavily in Japan.

If you think about China, obviously, Jim mentioned why that's so appealing. There's an incredible amount of potential just in the export on the cross-border side with China, even before you start thinking about what we could do domestically. Even just with consumers who are looking to purchase from Chinese sellers or from Chinese sellers that are looking to sell to the 330 million NNAs that are consumers that we have globally that are wanting to also... that they're also wanting to reach. And so, lots of opportunity in the growth markets. But I would say, lots of near term focus on EMEA.

**Gabrielle Rabinovitch**

Super exciting, Jim, we've done a lot in Brazil and Mexico, both organically, as well as through partnership. Can you talk a little bit about how you're seeing that market and what the potential there might be?

**Jim Magats**

Yeah, we're really excited about both markets, in terms of, having a complete product set that's going to allow us to compete and win in those markets. If you look at Brazil, we have had, for several years, PayPal checkout. We now have Braintree live in the market. We have iZettle live in the market. We have working capital through a partnership in the market. So, we're really excited about our position of having all of our products native there.

What we're seeing is really good uptake. A lot of our global accounts are now looking to us and Braintree to support us in Brazil. What we're also seeing is a local flavor of our capabilities. And it's a really good case study of how we bring our assets together. There's a particular merchant called, Ipiranga, which is, I think, one of the second largest gas station provider in Brazil. It has about 6,500 locations. And we're powering all their pay at the pump app solutions. So basically, you show up, you go onto your app, you pay for that particular petrol purchase, and it's powered by Braintree and PayPal.

And really what they wanted through that is, chargeback protections. And so, what we're doing is taking all that wonderful risk management solutions that we have, take our Braintree capability, and bringing them together. Because what they wanted to make sure was, there wasn't fraud and risk. And we're giving them their protections through those transactions. And it's a very powerful example of the commerce platform mindset that we have. We're bringing our assets together.

And so, we're also on the consumer side. We've rolled out something called, PINless debit. So, again, in some of these markets, there's a lot of friction to use your funding instruments. And through our risk management capabilities, our partnerships in the market, we're in a position right now to give our Brazilian customers the ability to pay with their debit card, without that friction.

We're also have another set of partnerships with a bank called, Neon Bank. Neon Bank is one of the largest neobanks and focuses specifically on micro merchants. And we've created a partnership with Neon Bank for iZettle to be effectively their main distribution partner and their main point of sale and integrated Impos solution for their merchants. And we've had a longstanding partnership in Brazil with Itau, one of the largest banks there, on the consumer side, to distribute PayPal. So, a lot going on in Brazil.

Mexico is another market that we continue to be doing really well in. Historically, that has been a cross-border market, just given the proximity to the U.S. And over the course of the last couple years, the teams have been doing a wonderful job of developing and cultivating a domestic market for us. We estimate now, that our domestic volume, basically consumer and buyer, is in... buyer and merchant in Mexico is bigger than our cross border business. And we probably have over half of the top 50 internet merchants in Mexico on our platform. And so, between what we're doing in terms of enabling those use

cases, we have iZettle in the market. We have, now, a full-stack acquiring solution for large merchants. We're really excited about the potential for LatAm for us.

### **Gabrielle Rabinovitch**

That's great. Both you and Peggy have touched on partnership as part of one of our major strategies when we think about how we're different from separation, and what we've been able to do through partnership, you've been a key architect of that strategy. And it'd be great to hear what it's enabled the product innovation it's allowed us to bring to our customers. And then, from a P&L standpoint, what that means for the resiliency of our income statement. So, maybe you could take us through both the strategic side, as well as some of the financial complexities to it.

### **Jim Magats**

Yeah. So, when we were thinking about what we wanted to be five years ago, we operated with some very fundamental principles. One is we want to give choice. We want to make sure that we operate an open platform. And we want to make sure that we're operating inter-operably, so we can work with others. We firmly believe that digitization is a team sport, and we need to get everyone involved to bring that to fruition for us. And so, we embarked on a strategy that many questioned, at the time, but we embarked on a strategy where we wanted group participation to give our customers better access to their funding sources, better access to different platforms, and really creating an interoperable set of solutions for those customers wherever they're at.

And so, we embarked, basically, on a strategy to work with tech platforms, like Google and Facebook, as well as banks, as well as other channel partners for us. And you start to see the stitching come together. And, in many cases, what we've talked about over the course of the last couple years is really on the backbone of those partners. That, in many ways, will be very below the surface. And, in certain cases, will be very explicit in terms of what we're doing.

So, examples, we now are in a position where if you're a small business, you have a very easy integration into Google for selling. Very similar on Facebook. If you're an iZettle merchant, we have a partnership with big commerce. So, any of your inventory that you've stored within big commerce is subsumed within the inventory management solution of iZettle. So, there's a lot of interoperability that we've created.

On the bank side, what we've been able to do is really look at all the different parts of the life cycle of a customer. And I think one of the really good examples of what we're doing now is with American Express. So, if you're an American Express customer, you have the American Express app, you can basically go to your app, you can push your American Express card into PayPal. If it's a platinum card you're going to get, right now for the next several months, \$30 back each month, based upon a different spending threshold, you can pay with rewards.

You can then take that \$30 that goes back into your AmEx app and from the app, Venmo \$30 to anyone. And all below the surface, we're using network tokens to make sure that if your card gets lost, or stolen it's automatically updated. And, at the same time, we're sharing risk data to give you the best approval rates. So, there's just a litany of different things that we're doing with all of our different partners to bring that to fruition.

Visa and MasterCard's another example. We've launched instant transfers. And we see about 35% of our consumers and small businesses all the time utilizing that service as how they get money out. And so, we're really excited in terms of what we've seen over the course of the last couple of years of these partnerships. One of the more evident areas, things like Pay with Rewards, and that's something that we've launched in the last two years. We now have about 16 1/2 million active customers with a pay with reward card. And we endeavor by the end of this year to have about 30 million in our portfolio here in the US. And we'll have Pay with Rewards from the top eight issuers by the end of the year. And through our partnerships with FIS, and a partnership that we'll be launching with Fiserv, we have over 2000 different banks with Pay with Rewards that we'll be able to utilize within our platform.

So, all of it's come together very nicely in terms of creating that wonderful end-to-end experience that we're really proud of for our customers. And, I'd say, all of these partners are absolutely thrilled with the incrementality and the great experience that they've seen.

### **Jim Magats**

On the cost side, because that's typically where I think a lot of people want to know what does this mean? Because I think a lot of people, again, thought we were crazy to do a partnership with banks and, basically, thought that that would screw up our operating income as we went through this. And I'm very proud that this year, 2020, we had our best year ever on transaction expense. I think 85 basis points as we work through that. And a lot of that is through the function of these partnership because what these partnerships do is they enable better capabilities in terms of adding your funding instrument. And we saw, last year, a 25% increase in debit cards into our portfolio.

And so, we're just seeing a lot of better use cases that we're creating around P2P. We're seeing use cases in terms of the ability for our customers to pay at lower ASP merchants, which drives down, typically, a lower funding cost that the consumer's using. All of these taking together, we're really thrilled where we're at with transaction expense. Is it sustainable is an obvious question that we get a lot. And I think it is because our product experiences are really going after use cases where low cost funding sources tend to be prevalently used. And look at our product experiences, every one of our product experience, be it crypto, Pay with Rewards, Pay in 4, these are all funding instruments, or funding mechanisms that typically are drawing upon a low cost funding instruments. So, taken together, we're excited where we're at, and we're keen to continue that as we go forward.

### **Gabrielle Rabinovitch**

That's great.

Peggy, Jim, our session is rapidly coming to a close. Before we finish up, in a few words, can you share, first, what your most important priority is for 2021?

**Peggy Alford**

Well, we talked about solution selling, and all of the capabilities, and wanting to sell those together. We have some really exciting new products that we launched this year, Buy Now Pay Later and QR. And so, a huge priority for our teams is integrating that into our solution selling, and making sure that we help scale it.

**Gabrielle Rabinovitch**

Great.

**Jim Magats**

The number one priority is execution. We are really thrilled with the momentum that we have from a product side. We're very thrilled with the innovation that we've seen, but we've got to execute. Our customers are going through a very challenging and exciting time, and we've got to be there for our customers. And we've got to execute on our product delivery.

**Gabrielle Rabinovitch**

Understood.

Both of you spend a fair amount of time speaking with external stakeholders, as well as your work within PayPal. What do you think is the most underappreciated attribute about PayPal when you speak externally?

**Peggy Alford**

I think it's the scale of our merchant side, and the scale of our consumer side, and that network that that creates. So, that all of the solutions that we're building actually are able to resonate with scale.

**Gabrielle Rabinovitch**

Thank you.

**Jim Magats**

To me, what's underappreciated is how much people care. And I mean, how much the average employee within PayPal cares about our customer, cares about our mission. And it's very interesting. We're in our building here where no one is here, but we're everywhere. Our employees bleed PayPal blue. They bleed the cause, and they really believe in the mission. And it may sound very aspirational, 1 billion daily active users, but you ask every one of our employees, they believe that we're actually going to do that.

And what I've seen in this past year has been remarkable in terms of everyone working from home, the capacity for our organization to do things like distribute laptops around the world within days. Just the willingness to succeed, the willingness to be there for our customer, I think is underappreciated.

**Gabrielle Rabinovitch**

Well, thank you so much. Really appreciate the time you spoke with me today. We're ready for our first break. We'll restart the program at 9:50 AM Pacific, in approximately 15 minutes. If you haven't had the opportunity already, please explore the Merchant Showcase tab at the event website to meet more of our incredible PayPal businesses. Enjoy the break.