



Checkout button → two-sided payments network: 439M accounts moved \$1.79T in 2025. But the high-margin branded PayPal button grew just 2% in Q2 2026 while lower-margin Braintree processing and Venmo grew mid-teens, so on every \$100 it moves PayPal charges about \$1.61 and pays about \$0.90 to banks and card networks. In 2026 the board replaced its CEO, and Enrique Lores is betting on credit, Venmo and at least \$1.5B of cost cuts.

BUSINESS MODEL CANVAS

PayPal

Research date: Oct 6, 2026

Evidence-backed · sources in companion brief

KEY PARTNERS

- Card networks, processors and issuing banks that fund each payment (FACT 10-K).
- Independent chartered bank behind US PayPal Credit and PayPal/Venmo credit cards (FACT).
- **Blue Owl funds** — ~\$7B of US Pay in 4 loans over two years (FACT).
- A third-party issuer behind the PayPal USD (PYUSD) stablecoin (FACT 10-K).
- **Merchant and AI partners** — Temu, Home Depot Canada, OpenAI, Perplexity (FACT).

KEY ACTIVITIES

- Process ~6.8B payments per quarter (FACT Q2 2026).
- **Fraud and risk** — transaction losses ~7 basis points of volume (FACT).
- Underwrite credit and BNPL; sell receivables to investors (FACT).
- Unify Braintree, PayPal Complete Payments and Hyperwallet (FACT).
- Cloud migration, AI in software delivery, three fewer layers (FACT).

KEY RESOURCES

- **Brands** — PayPal, Venmo, Braintree, Xoom, Hyperwallet, Honey, Paidy (FACT 10-K).
- 439M active accounts; 228M monthly actives (FACT).
- Two-sided purchase data, now sold as PayPal Ads (FACT).
- Money transmitter licenses + Luxembourg credit institution (FACT).
- \$15.3B cash and investments; ~23,800 people (FACT).

VALUE PROPOSITIONS

- Pay without retyping a card; buyer and seller protection (FACT).
- **Pay Later** — BNPL volume over \$40B in 2025, up 20%+ (FACT Annual Report).
- **Venmo** — free P2P plus debit card and Pay with Venmo (FACT).
- **Braintree** — enterprise processing + payouts, risk, optimization (FACT).
- **Coming bets** — agentic checkout in AI chats, PYUSD, digital identity (FACT).

CUSTOMER RELATIONSHIPS

- Self-serve apps for consumers and small sellers (FACT).
- Buyer protection, dispute resolution, cash-back rewards (FACT 10-K).
- **Venmo Debit + Pay with Venmo users** — 9x+ revenue of P2P-only (FACT).
- Transactions per active account ex-PSP up 7% (FACT Q2 2026).
- Dedicated technical sales for large merchants (FACT).

CHANNELS

- PayPal button on merchant checkouts, online and in apps (FACT).
- Venmo peer-to-peer invites (viral growth).
- **Debit card + tap to pay** — spend up 60%+ in Q2 2026 (FACT).
- Pay later shown earlier in checkout (Home Depot Canada) (FACT).
- **AI chats** — Perplexity live; ChatGPT limited after OpenAI pullback (FACT / SECONDARY).

CUSTOMER SEGMENTS

- **Consumers** — 439M active accounts, 228M monthly active (FACT).
- **Highest-value consumer cohort** — majority of volume (FACT).
- Venmo users in the US (FACT).
- Small and mid-size merchants on the PayPal button (FACT).
- Enterprises, marketplaces and platforms via Braintree (FACT).

COST STRUCTURE

- Transaction expense \$16.0B in 2025 (FACT).
- Transaction expense ~0.90% of volume in Q2 2026 (FACT).
- Tech & development \$3.1B; sales & marketing \$2.3B (FACT 2025).
- Transaction and credit losses \$1.7B in 2025 (FACT).
- \$1.5B+ gross run-rate savings over 2–3 years (FACT).
- Possible \$120–140M transformation charge in 2H 2026 (FACT).

REVENUE STREAMS

- Transaction revenue \$7.83B of \$8.68B in Q2 2026 (FACT).
- Take rate 1.61% of volume, down 7 bps (FACT).
- Transaction margin 44.9%; TM\$ \$3.9B (+1%) (FACT).
- **Credit and BNPL** — growing at least 2x the company (FACT).
- Venmo revenue ~\$1.7B in 2025, +~20% (FACT).
- Interest on customer balances \$281M, down with rates (FACT).

Sources: sec.gov/Archives/edgar · newsroom.paypal-corp.com/2025-09-24-PayPal-Announces-a-Multi-Year-Relationship-for-US-Buy-Now-Pay-Later-Receivables-with-Funds-Managed-by-Blue-Owl-Capital · s205.q4cdn.com/875401827/files · newsroom.paypal-corp.com/2025-10-26-OpenAI-and-PayPal-Team-Up-to-Power-Instant-Checkout-and-Agentic-Commerce-in-ChatGPT · sec.gov/Archives/edgar · sec.gov/Archives/edgar · apnews.com/article/paypal-hp-lores-chris-venmo-doman-ai-5f613ba3c6fa408f13873f8fce9c3a2b · sec.gov/Archives/edgar
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