

Fireside Chat: Our Strategies for Increasing Consumer Engagement | February 11, 2021

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Gabrielle Rabinovitch

That video is really illustrative of how consumer behavior around shopping has changed during the pandemic. Jonathan and Darrell, thank you for joining me today. I want to talk about how we're focused on increasing our consumer value proposition to make both PayPal and Venmo even more relevant on an everyday basis.

I've had the privilege of knowing both of you for a few years, but for context, let's start with some background on each of you. Tell us about your role at PayPal and how it's evolved over time. Jonathan, let's start with you.

Jonathan Auerbach

Thanks, Gabz. Hi everybody, I'm Jonathan Auerbach. I lead strategy, growth and data at PayPal, and this includes the development of PayPal's strategy, our mergers and acquisitions and our venture investing. It also includes marketing and data sciences as well as two fast-growing business units, our China business where we have a 100%-owned subsidiary with a domestic payments license and our recently created crypto, blockchain, and digital currencies business unit.

But I should also say Gabz, that today I'm sitting in for Mark Britto, our excellent chief product officer who is unable to make it today, but I'm really comfortable doing that as Mark, Peggy and I work incredibly closely across product, sales and marketing. In fact, I've never worked on a team that works together as seamlessly as this one. So I'm very happy to sit in for Mark today.

Gabrielle Rabinovitch

Thanks so much, Jonathan. Darrell.

Darrell Esch

Hey Gabz. I'm Darrell Esch. I am the GM of Venmo and I also lead the checkout product and engineering team. I'm a 10-year veteran at PayPal and most recently coming off of leading the global credit business.

Gabrielle Rabinovitch

Amazing. Thanks. Jonathan, 2020 was a record year for us as the pandemic sped up the move to digital. At the same time as we were managing the transition to working from home and new ways of collaborating as a team, we launched more products than we ever have in our history. Tell us how PayPal was able to pivot so rapidly.

Jonathan Auerbach

Thanks, Gabz. So look, the pandemic has accelerated everything as we know. In particular, it's accelerated the migration of commerce and financial services to digital and PayPal has benefited from these tailwinds. There's really no doubt about that. That said, I think the reasons why we've been able to benefit so much from this global movement to digital is that we've spent the last several years actually building out so many elements of our business that have allowed us to actually benefit from this.

First, we've been adapting our technical infrastructure and our platforms to scale globally. And these efforts have really paid off. Our software releases last year were up 26% over 2019 with 25% fewer bugs. We've also been working incredibly hard to build our risk and compliance capabilities, our sales and our marketing capabilities and the alignment across all of them, which has allowed us to innovate faster and to really benefit from the tailwinds created last year.

Second, we really are benefitting from our global scale. Our business has already achieved a scale of 377 million accounts, including close to 30 million merchant accounts. And the global reach of our two-sided network is such that when the pandemic caused people to engage more in digital channels globally, for many, we were their best choice. For many, we were actually their most trusted choice. So when we introduced more great products in 2020 than we ever have, products like Buy Now, Pay Later or cryptocurrencies or QR codes, they all achieved scale amazingly fast.

And third, we added roughly 73 million net new actives to PayPal in 12 months. So we start 2021 with essentially 25% more customers than we started last year. And these new cohorts are using PayPal more than the old cohorts did, which is a remarkable accomplishment. It's not simply due to the pandemic. We've gotten much better as a company in generating and engaging high-quality net new actives.

So yes, 2020 was a phenomenal year for us. Some of it was due to the great tailwinds we saw, but if we weren't really ready to capitalize on the massive shift to digital globally, you wouldn't be seeing the record number of product introductions, NNAs, customer engagement, and volume coming onto our platform.

Gabrielle Rabinovitch

Thank you. You know, the engagement has been incredible and that alongside watching how we've been able to innovate at scale, it's been fun to watch, but it's been an incredible journey for us. Darrell, similarly, 2020 involved pivoting in Venmo to address the evolving needs of your growing customer base.

In April, you increased weekly sending limits in response to cash displacement, and you also ramped direct deposit to help distribution to stimulus payments. This was really a jumping off point for a very active cadence of product introductions throughout the year. Can you tell us about how Venmo evolved last year and how Venmo's positioned for the coming years?

Darrell Esch

2020 was a great year for setting up Venmo. I'm really enthusiastic about how we're sitting coming into 2021. A couple of big things that happened and then I'll touch on the pandemic response to the customers as well. But a couple of big things that happened in 2021 is we really started a migration from making Venmo a business of scale to making Venmo a business of scale with breadth. And we have for the history of Venmo really been focused on P2P. And what you're seeing now in 2020 late in the year, we started getting new products out the door in terms of pilot mode at least. A lot of those things we're going to be starting to scale and ramp up in the first half of this year, but we're giving a lot more opportunities to our customers to engage with Venmo on a day in and day out basis. So that's the first thing is moving from business of scale to scale plus breadth.

The second big change, evolution in Venmo in this past year was we've moved towards really leveraging the collective power of the PayPal enterprise. I think after the acquisition, which was roughly eight years ago now, Venmo's still continued to pride itself on operating like a startup. And that was great in terms of innovating quickly, but now that we're really ready to turn the corner and drive up the scale of Venmo more broadly even, leveraging the enterprise capabilities is going to be so much more important.

So using the common platforms and services that'll allow us to have greater stability. It'll allow innovation faster out the door. And ultimately, it's going to lead to Venmo being able to expand around the globe more rapidly.

Gabrielle Rabinovitch

Back to Jonathan. 2020 was notable in part because of the extraordinary shift in consumer behavior. And picking up on this innovation thread and our ability to rapidly develop and scale new products, developing more comprehensive in-store payments experiences has been on our roadmap for quite some time. Last year, we were able to meaningfully accelerate these initiatives. Can you give us an update on our current in-person payment strategies?

Jonathan Auerbach

Yes. Thanks, Gabz. Look, our in-person payment strategy is really simply a critical component of our overall strategy to be relevant to our customers every day. COVID-19 accelerated our in-store efforts given the enormous merchant and consumer demand for safe, contactless, in-person payment solutions. And we responded incredibly quickly to the demand for in-person payments. In a matter of months, we launched QR code payments for micro and small businesses in 28 countries, followed by an

expansion of our QR functionality for large enterprises, which was also powered by a really strong network of channel partners that we feel very lucky to work with.

We've already passed 600,000 small and medium-sized businesses [(SMBs)] using our QR codes. Six months following the launch of the SMB solution, we launched our first national retailer CVS and we've signed and we're bringing QR codes to many, many more large retailers this year. But I think what's most exciting to me about this is that our work in building out our QR code value proposition functionality has really unlocked many new and expanded use cases, both for our merchants and for our consumers.

Let me give you a few examples. We've built the ability for merchants to create on-ramps for consumers to enroll in their loyalty programs. We've developed prompts for consumers to rate their experiences with reputable third parties. We've created tipping and donating use cases. Order ahead, pay at table. Order ahead, pick up in-store. Order ahead and pick up curbside.

We've developed installments at the point of sale and choice is really at the center of our proposition. And I'm not talking simply about choice of financial instrument, but it's choice of device, choice of platform. And we really believe that this value proposition of choice really positions us well in the market, certainly vis-a-vis competitors whose primary value proposition stops at the choice of how to pay.

And we see this as a unique opportunity for PayPal to both serve the needs of consumers and merchants. And merchants who are increasingly trying to innovate to find new ways to serve their customers during this period of time. So we're incredibly impressed with the traction that we've gotten over the past year in-store. And we're going to continue to invest heavily and continue to build out our safe, contactless, in-store acceptance to be more and more relevant to our customers' daily lives.

Gabrielle Rabinovitch

Thanks. It's very exciting. In addition to the consumer shifts we've seen in-store and online, we also just saw a major consumer shift in behavior on Venmo. Historically, Venmo's been synonymous with shared experiences, splitting fares, reimbursing friends for dinner, being in the same place with the same people and sharing that experience. But what's truly remarkable is that as our customers' lives began to drastically change last year, they didn't stop using Venmo. Actually, their usage accelerated. Our customers really never stopped connecting with each other. So Darrell it would be great to hear from your perspective, what that tells you about the power of Venmo and how it informs the way you're thinking about your strategy.

Darrell Esch

Yeah, I think in particular, the pandemic taught us and really confirmed the power of the brand for Venmo. And we've got three primary brand tenets that have really defined Venmo from the beginning and which will carry forward even in the new products we're developing now. Those real tenets are, one, is around community. Venmo is a community nearly 70 million strong. And it's a community of smaller communities of people who know each other well, because as you called out Gabz, these are

people who are generally doing social experiences with each other. They're using Venmo to pay each other back for a show or for a ride or something. So it's community. It's app powered money. Venmo has always been about pay people from the app and then it's social in nature. The feed where we're sharing our experiences and it's a fun social piece.

So those are the attributes of Venmo. And one of the things that really popped in the pandemic is we saw the power of community really shine. So we did see actually an initial poll back in March when shelter in place became a norm.

And those things like sharing a ride and sharing a pizza and going to a show all ceased to exist. But it was very, very quickly replaced with the trend of people helping people inside of the community. So you saw customers helping caretakers who were working around the clock and then Venmoing for groceries and the like.

You saw people doing online yoga classes and tipping instructors while studios had been closed down. And then one of my favorites, which goes back to the beginning of Venmo. So Venmo, initially the earliest use case was around tipping musicians.

And we got to see during the pandemic, all of these musicians who frankly, are making their money playing gigs on Friday and Saturday nights. And now all of a sudden, most venues are closed. And so they had to innovate and they started doing streaming shows on Facebook or other social channels. And they ultimately used Venmo. Venmo became that pickle jar with the tip board on front of it. And so this is how the community came together. So we really saw a community rise up and be a big proof point during the pandemic. So everything now that we're working on. I think as you look at how it's going to lead or inform our strategy.

We are staying true to those tenets of community, app-powered money and social fun and nature with all the things we're doing, even with something like a credit card, which I know we'll have a chance to talk about in a little bit.

Gabrielle Rabinovitch

We definitely will. Speaking of app powered experiences, Jonathan let's move to our digital wallet strategy. How are you envisioning the user experience?

Jonathan Auerbach

So Gabz, we're in the process of building super app functionality to allow our customers to both begin and end their commerce and financial services journeys in our digital wallet. For example, we're strengthening our digital wallet dramatically...our wallets dramatically because obviously Venmo as Darrell been talking about is one of our digital wallets, but we're strengthening our digital wallets in a number of different ways. Let me start with our enhanced payments hub, leveraging our partnership with Paymentus.

People can now increasingly be able to pay their bills and manage all their subscriptions in their digital wallet, paying for TV, gas, electricity bills, or any subscription in the wallet itself.

Second, we're building a richer rewards hub into PayPal, expanding the ability of our customers to leverage their issuer and their merchant rewards points. And talking of expanding we're expanding PayPal shopping. We're building Honey's shopping and coupon engine into our wallet.

So consumers will be able to set their product preferences and complete product purchases at some of the best prices available all within their wallet. And fourth, we are now developing additional financial services to help consumers move and manage their money much more cost-effectively.

We're working with partners on some of these experiences, but we're always going to ensure a seamless PayPal experience. And these new services are broad and they include, just as a few examples, saving vehicles like term deposits or savings accounts, investment tools, such as brokerage tools to invest in stocks or fractional shares, enabling crypto and digital currencies initially with a buy hold and sell use case in the wallet, but increasingly as a funding instrument to fund commerce. And as I mentioned, we're working with different partners to power a number of these services, but they're always going to have a PayPal user experience. Like we've done with crypto in the wallet, the PayPal wallet, or Darrell is going to explain later with the Venmo credit card and I'm not going to steal his thunder, but the Venmo credit card experience is absolutely fabulous.

Gabrielle Rabinovitch

Darrell, the Venmo wallet is also diversifying and moving beyond its core P2P value proposition. The monetizable experiences are ramping, and we've indicated that we believe revenue for Venmo will approach \$900 million this year. How are you thinking about the evolution of these experiences over time and what will Venmo look like in five years?

Darrell Esch

Yeah. Five years is a really long time for sure, but I'll take it in blocks. So in the immediate term, that path to the \$900 million of revenue that Dan's talked about on earnings calls. It really is driven by a few key strategies this year. So and these are all in process at this point. Some are already ramping to consumers and businesses in the first case.

So the first of the strategies is around commerce and moving from ... Venmo has historically been P2P. The thing that our customers say they would like most to do with Venmo in addition, is to pay businesses and to buy things with Venmo.

So on a commerce track, we have three things that are happening. One is we are on the journey with PayPal on QR codes. So just as PayPal's out there with some of the large named partners like a CVS, Venmo is there as well.

That's thing number one. Thing number two is we have now business profiles that we're ramping now. So these are already out into the market, and this is going to allow small businesses to have a Venmo profile.

And we think it's going to be really powerful because it's going to give them the chance to interact with and have a digital experience of getting to new customers, through friends of their customers.

So the social nature of Venmo and having the feed available, we're going to be able to do things like if I go out and make a purchase, I'll have the ability to have that show up in my feed and my friends will go there, see that I went there.

And we think that's going to be really powerful for the small business community. When you think about it from an endorsement perspective. I would, as a business owner, I want to take part in this because I would much rather reach new customers through endorsements where their friends have voted with their wallet to buy something, as opposed to maybe seeing a review from a stranger that you wonder whether the owner wrote the review in the first place or not.

So I think that's going to be powerful for commerce. We have some really elegant online pay with Venmo experiences that are starting to ramp now as well. We'll see those in greater scale, near mid point of the year later in the second quarter.

And then the other areas that we're deepening upon right now are crypto. We've had great success on the PayPal front based on who the Venmo customer is. We think they're going to really love and take hold of the crypto capabilities when those come to market here in this first half of the year.

And then again, the credit card, which is now out in it. I'm happy to say it's actually right now available to a 100% of our customers and imminently. So in the days and weeks ahead, we'll start the more broad rollout of that program.

What's beautiful about it is this is an eleven-year old business now Venmo. Nearly 70 million active customers and at this stage in our life cycle, we're going to be accelerating revenue quarter by quarter as we go through 2021.

The other thing is we look out longer term relative to the five years. I think after this first period, we will start to go deeper into providing financial solutions that our customers can use day in and day out. And then we will eventually find our way around the globe.

That's one of those things that I mentioned early on that the power of leveraging the enterprise capabilities and platforms and best-in-class practices and compliance expertise and so forth is going to help us ultimately take Venmo this great capability instead of capabilities that expands.

We're going to take it out outside of the US eventually in that five-year timeline for sure. And I think the thing here is leveraging those PayPal capabilities and platforms doesn't necessarily mean we'll go to every PayPal market, but I think it means we'll have the ability to go to any PayPal market.

Gabrielle Rabinovitch

It's incredibly exciting. Darrell touched on crypto as it relates to the Venmo wallet. Jonathan, I'd love to talk a little bit about crypto and the PayPal wallet. We launched our buy hold, sell experience in October, we've seen a tremendous response from our customers in the U.S. Can you share a little bit more about this initial experience and how it's performing, and then what the longer-term vision is around digital currencies more broadly?

Jonathan Auerbach

We're really excited about enabling PayPal customers to buy, hold, and sell cryptocurrencies in their digital wallets. This, as you mentioned, is only the first use case for crypto and digital currencies is for PayPal. That said, even as a first use case, our early results are incredibly strong, and frankly have exceeded all of the expectations that we had for this use case.

The number of daily users of crypto services continues to grow rapidly. Every day we're seeing an incredibly healthy influx of first-time users, and increased engagement once they've made their first crypto purchases. Customers who have purchased crypto have been logging into PayPal at roughly twice their log-in frequency prior to actually having purchased crypto, which is amazing.

This year, though, we're going to be, as you mentioned, increasing access to crypto and digital currencies to more customers around the world. And we will be enabling crypto as a funding instrument for transactions at millions of businesses around the world. So if you even just think about the roadmap for the first half of 2020, building on what Darrell was talking about, we're going to see crypto in Venmo on track to go live in the first half of the year. We've got crypto as a funding instrument for commerce going live in several months. And we plan to expand our crypto offering geographically to the UK in a number of months as well.

So we're still at the early days of our development of our crypto aspirations, but we really do believe that digital currencies, CBDCs [central bank digital currencies] and the collaboration with central banks and regulators will open new ways to exchange value and power global commerce and financial services for entirely new segments of the population.

And as I talked about before, crypto services will broaden the range of financial services offered through the PayPal and Venmo apps. And that's going to support the transformation of those apps into being destination apps, not only for financial services, but for commerce. In addition, we're actually looking at our crypto services to help position PayPal to help shape the role of cryptocurrencies and CBDCs in consumer payments, commerce, and financial services safely and securely.

So early days for us here, but we're moving rapidly. We're moving with discipline, and we continue to build on our crypto capabilities. And this is going to be an area of growing focus for us going forward.

Gabrielle Rabinovitch

It's incredibly exciting. I think about our ability as PayPal to bring a solution to mainstream consumers. We were able to essentially create an experience for a hundred million U.S. consumers being able to buy crypto pretty instantaneously in October. And we've seen great demand.

Darrell, Venmo's user growth continues to be astounding. Last year we reached nearly 70 million customers with growth being more than 30%. Who are Venmo customers today? And how has the demographic shifted over time? And can you tell us just a little bit more about what that means for the lifetime value of these customers?

Darrell Esch

Yeah, it really has been amazing. It's hard to argue with the success. If you look back over the now 11 to 12 year history of Venmo and you see how this base has just continued to grow, and 30%-ish to a number of 70 million is just amazing still. It's amazing that it keeps growing.

So sort of the journey of the customer, Venmo originally started with college students as the original adopters and enthusiasts back those 11 or 12 years ago. And at 70 million users in the U.S., the reality is Venmo serves customers from every walk of life. Those original enthusiasts who took the program are now in their thirties, they're in to houses, they're forming families, and they brought a lot of us along with them along the way.

And that's how Venmo has continued to multiply along its journey. Customers are enthusiasts, they love it. This community and social nature, it just has largely spread naturally up till now. And we expect that to keep rolling.

But who the customer has become from an over-indexing perspective is, Venmo over-indexes towards millennials. They are digital natives, they're highly educated. They are solidly middle income and rising. They tend to be fairly well-banked. They're just starting to invest and they skew female. And with this profile, along with the stated needs and desires of what the customers are looking Venmo to deliver to them, we really think the commerce agenda is a powerful way to start. And again, playing off of what Jonathan just said, the crypto phenomenon that has really come out strong with PayPal, we think given the audience, this millennial base digitally-oriented, and rising income just starting to invest, we think crypto of course, is going to play really well with this group as well.

So that's kind of where we think in the immediate term, again, we're at the beginning of a streak here, we're going to be bringing more and more feature function. This year we're going to ramp more feature function into the Venmo community than literally in the first 11 years collectively.

Gabrielle Rabinovitch

It's incredibly exciting. Jonathan, in talking a little bit more about launching new commerce initiatives, last year was really exciting for us from an installment pay launch standpoint. Our buy now, pay later solutions were another incredibly successful launch in 2020. And I think it really illustrates the power of our two-sided platform, and our ability to bring solutions both to our merchants, as well as our consumers at the same time, which creates very strong network effects. Love to hear your perspective on how we're positioned relative to the competition as it relates to installment pay.

Jonathan Auerbach

Thanks Gabz. Look, consumers around the world have turned to buy now, pay later, also known as short-term installments to provide payment flexibility that compliments their monthly or their bi-weekly pay periods.

We really believe that PayPal met this buyer demand by designing literally a best-in-class solution. Our product allows buyers to split purchases into equal interest-free payments, approval is within seconds, plans are easily tracked and managed in the PayPal app.

But what we think distinguishes PayPal is that we offer our buy now, pay later solution in-wallet for any merchant that already accepts PayPal. So no new merchant integration is needed, no premium over our existing take rate. We launched buy now, pay later in France in Q2, in the U.S. in Q3, in the UK in Q4, and we've already seen literally astonishing results. Nearly five million loans have been completed, which represents over 600 million in volume in Q4 alone, 2.5 million unique customers transacted at more than 230,000 merchants.

Our reuse rate is already over 40% for U.S. users, and that's only in the first three months of operation. And our customers tend to spend more with buy now, pay later. So increasingly merchants are allowing PayPal to present buy now, pay later offers upstream in the shopping journey. And we know that upstream presentment increases conversion, and we have upstream presentment in over 100 large enterprises, and well more than 10,000 SMBs.

So we're going to be building on that success in 2021, we're going to launch new markets. We're going to expand buy now, pay later into all flows, including in-store contexts. And we're going to expand our product suite to include shorter- and longer-term installment products.

So buy now, pay later has been a home run launch for us, and we're going to continue to innovate here, and this will be an area of rapid and disciplined growth for PayPal.

Gabrielle Rabinovitch

Fantastic. Darrell in talking about the growth of Venmo and some of the new products that we launched last year, in September we launched the Venmo credit card. It's incredibly powerful, it's built into the app, it's got a QR code on the surface of it. Can you just tell us a little bit more about the Venmo credit card, what you're seeing in initial use, and why you think it's so powerful?

Darrell Esch

Yeah, thanks Gabz. We are so proud of this product. It really is a differentiated one-of-a-kind solution. And I think it starts with a simple but powerful thought. And that is, this is a paradigm shift on a credit card.

And the shift is a lot of credit cards that are out there, have an app that comes with them and you can enroll in the app, and you can use that to do things and power the card. This is a totally different animal, where Venmo is an app that has a card. And it sounds little maybe, but it's a big, big difference. So when Venmo, the core experience of Venmo, is that one of those core tenets of being app-powered money, as customers are coming in and using the app, what it means to have an app with a card is a few big differentiated things. One is I, as a customer, my day-to-day spending, and we see categories, we have a great, highly engaging account overview inside of the app where you can see day to day where your spend is going by category and where you are with your balance. And I think customers, historically, frankly, don't necessarily pay attention day to day what's on their credit card and then the bill comes at the end of the month and they have the surprise of where they are. I think the fact that we are an app that customers are engaging with, customers are going into Venmo and they're seeing, again, day to

day, "Where am I spending? Do I need to slow down on one category or the other?" So that financial discipline is important.

The next reason it's important to have an app with a card is we have a great reward program that's really customized to the customer spending, and so there are a lot of cards out there that have different reward values for certain categories, gas, dining, grocery, and so forth, and they might have bonuses on them. With our card, we have a system like that as well, but we actually work it towards the customer's advantage that their spend in any given cycle, they get 3% for the top qualifying category, 2% for the second, and then 1% for everything else. So it's working in their interests, but what makes it unique that we have an app with a card is that on any given transaction by transaction I'm watching how my cash back reward balance is growing. And then when they get to the end of the cycle, I get to see it pop and show up in my Venmo balance. So that's one of those reasons of what it means to have an app with a card.

And then, finally, one of the features that is really, really distinctive, Venmo has always been known within the community for a way to split and share expenses, so split transactions with each other. So back to that social orientation of Venmo in the first place. We go to a show together, we go to a meal together, we take a car, and so splitting and sharing is one of the core features of Venmo today. We've taken what happens, that experience that is in the app, and now applied it to this credit card. And it shows up in a couple of ways. One is, I may buy a gift that is from all of us and I can use that splitting feature on Venmo and send you the request to pay me back. And when you pay me back, I can even direct it to go straight to the credit card balance to pay down the balance. So I could take it as balance in my Venmo account or I can have you split and actually make a payment directly into my card account.

And then the other thing that is really, really unique and what I like about this is it's synergistic to the overall enterprise QR strategy. And as you've called out, we've put the QR code on the card itself, and I'm going to hold mine up for a second. You actually can probably scan it, and when you do that, it will take you straight to my Venmo profiles. And what's cool there is there's a great use case, probably most of you can relate to, you could go out to dinner and you've got maybe four of you at dinner, and then that dreaded moment comes when the bill shows up at the table and you all look at each other and decide who's going to pay it and you decide, are we going to make the poor waiter or waitress split this thing four ways? And are we going to do it relative to what we ordered or divided by four? You get the story and the experience. We've probably all lived it.

The beautiful thing here is we don't have to put anybody through that trouble. I just take the card out, I pay for it, it comes back, and you all point your phone at my card and it takes you right to where you can pay me back and settle up. So that is a very unique feature and it's also very Venmo appropriate. So I'm just going to finish with, I said from our strategies, we would honor those core tenets of community, app powered money, and social, and that's what we've done with this card, which makes it truly one of a kind.

Gabrielle Rabinovitch

Thank you so much. Jonathan, I want to close it out with you with a final question to just wrap it up. As an organization, we've talked about our long-term goal to reach a billion daily users. What are the most meaningful levers to get us there?

Jonathan Auerbach

Well, a billion daily active users is inspiring to all of us at PayPal. And in terms of levers, we've got a number of them. First, we have got the momentum of the overall movement to digital commerce and digital engagement across all elements of people's lives, and PayPal, with the trust that we have with our customers, we believe is uniquely positioned to not only ride this wave, but more importantly, to help accelerate it. Second, we're continuing to globalize and strengthen our global platforms, our product productivity, our global risk compliance, sales, marketing, functionality, and the alignment, more importantly, across all of these is really accelerating our speed of innovation as a company and we're offering more products and better products at scale than we ever have. Third, we're investing heavily to be at the center of our customer's commercial and financial lives. We're in the process of building super apps where customers can begin and conclude their commerce and financial journeys working with PayPal and also working with our partners, but always ensuring a seamless end-to-end PayPal experience.

Fourth, we're innovating and we're putting ourselves at the forefront of our industry in areas such as the blockchain, crypto, digital currencies, to be a partner to governments and regulators as they move to digital currencies and to strengthen, at the same time, our own digital wallets as a destination app for our consumers. Fifth, we are much more programmatically driving net new actives, and this is not simply a factor of COVID-19. It's not simply a factor of marketing. We're getting much better at a company across PayPal through better user experiences, risk management, stronger ecosystem partnerships to drive NNAs [net new actives] on a sustainable basis. And we're expanding our global reach. In China, as we've talked about, in Japan, Mexico, Latin America, we expect to double our current base of consumers or customers in the next three to five years, which brings us much closer to the goal of getting to a billion consumers onto our network.

And as Jim and Peggy shared earlier, having this amazing global network and combining it with a fantastic merchant proposition enables us to actually approach merchants and help them increase their sales just by working with PayPal. So what we're doing on the consumer side together with what we're doing on the merchant side, we think is going to bring us to a billion consumers on the network and 100 million merchants.

Gabrielle Rabinovitch

Thanks, Jonathan and Darrell. I'll now turn it over to John Rainey for perspective on our financial outlook. But first, we want to share a short video with you about our journey to improve the financial well-being of our employee population.