



NEWS RELEASE

PayPal Launches New Service Enabling Users to Buy, Hold and Sell Cryptocurrency

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Will enable cryptocurrency as a funding source for digital commerce at its 26 million merchants

Receives conditional Bitlicense from New York State Department of Financial Services

SAN JOSE, Calif., Oct. 21, 2020 /PRNewswire/ -- The migration toward digital payments and digital representations of value continues to accelerate, driven by the COVID-19 pandemic and the increased interest in digital currencies from central banks and consumers. **PayPal Holdings, Inc.** (NASDAQ: PYPL) today announced the launch of a new service enabling its customers to buy, hold and sell cryptocurrency directly from their PayPal account, and signaled its plans to significantly increase cryptocurrency's utility by making it available as a funding source for purchases at its 26 million merchants worldwide.

Mainstream adoption of cryptocurrencies has traditionally been hindered by their limited utility as an instrument of exchange due to volatility, cost and speed to transact. However, the promise of advanced technological platforms offers the possibility of mainstreaming digital currencies. According to a survey by the Bank for International Settlements, one in 10 central banks – representing approximately one-fifth of the world's population – expect to issue their own digital currencies within the next three years.

"The shift to digital forms of currencies is inevitable, bringing with it clear advantages in terms of financial inclusion and access; efficiency, speed and resilience of the payments system; and the ability for governments to disburse funds to citizens quickly," said Dan Schulman, president and CEO, PayPal. "Our global reach, digital payments expertise, two-sided network, and rigorous security and compliance controls provide us with the opportunity, and the responsibility, to help facilitate the understanding, redemption and interoperability of these new instruments of exchange. We are eager to work with central banks and regulators around the world to offer our support, and to meaningfully contribute to shaping the role that digital currencies will play in the future of global finance and

commerce."

Building Understanding and Adoption of Cryptocurrency

To increase consumer understanding and adoption of cryptocurrency, the company is introducing the ability to buy, hold and sell select cryptocurrencies, initially featuring Bitcoin, Ethereum, Bitcoin Cash and Litecoin, directly within the PayPal digital wallet. The service will be available to PayPal account holders in the U.S. in the coming weeks. The company plans to expand the features to Venmo and select international markets in the first half of 2021. The service is enabled in the U.S. through a partnership with **Paxos Trust Company**, a regulated provider of cryptocurrency products and services.

PayPal has also been granted a first-of-its-kind conditional Bitlicense by the New York State Department of Financial Services (NYDFS).

"NYDFS' approval today follows our June 2020 announcement for a new framework for a conditional Bitlicense to encourage, promote, and assist interested institutions to have a well-regulated way to access the New York virtual currency marketplace in a way that is both timely and protective of New York consumers, through partnerships with New York authorized virtual currency firms," said Linda A. Lacewell, superintendent, NYDFS. "NYDFS will continue to encourage and support financial service providers to operate, grow, remain and expand in New York and work with innovators to enable them to germinate and test their ideas, for a dynamic and forward looking financial services sector, especially as we work to build New York back better in the midst of this pandemic."

As part of this offering, PayPal will provide account holders with educational content to help them understand the cryptocurrency ecosystem, the risks and opportunities related to investing in cryptocurrency, and information on blockchain technology. There are no service fees when buying or selling cryptocurrency through December 31, 2020, and there are no fees for holding cryptocurrency in a PayPal account.

Increasing the Utility of Cryptocurrency in Digital Commerce

Beginning in early 2021, PayPal customers will be able to use their cryptocurrency holdings as a funding source to pay at PayPal's 26 million merchants around the globe. Consumers will be able to instantly convert their selected cryptocurrency balance to fiat currency, with certainty of value and no incremental fees. PayPal merchants will have no additional integrations or fees, as all transactions will be settled with fiat currency at their current PayPal rates. In effect, cryptocurrency simply becomes another funding source inside the PayPal digital wallet, adding enhanced utility to cryptocurrency holders, while addressing previous concerns surrounding volatility, cost and speed of cryptocurrency-based transactions.

Exploring and Investing in the Next Generation of Financial Services Infrastructure

In addition to providing these significant cryptocurrency services, PayPal has been exploring the potential of digital currencies through partnerships with licensed and regulated cryptocurrency platforms and with central banks around the world. For the past five years, PayPal has increased its focus and resources on exploring the next generation of digital financial services infrastructure and enhancements to digital commerce through an internal blockchain-focused research team. In 2019, PayPal Ventures, the company's venture capital arm, invested in **TRM Labs**, a company focused on helping financial institutions prevent cryptocurrency fraud and financial crime, and **Cambridge Blockchain**, a blockchain-based identity management and compliance software company. PayPal will continue exploring the potential of distributed ledger technologies to improve financial services and assure they are faster, more secure and less expensive. The company intends to work hand-in-hand with regulators, governments and central banks in this quest.

To learn more and join the waitlist for PayPal's cryptocurrency services, click [here](#).

About PayPal

PayPal has remained at the forefront of the digital payment revolution for more than 20 years. By leveraging technology to make financial services and commerce more convenient, affordable, and secure, the PayPal platform is empowering more than 300 million consumers and merchants in more than 200 markets to join and thrive in the global economy. For more information, visit [paypal.com](https://www.paypal.com).

Forward-Looking Statements

This announcement contains "forward-looking" statements within the meaning of applicable securities laws. Forward-looking statements and information relate to future events and future performance and reflect, among other things, PayPal's plans with respect to its cryptocurrency initiatives. Forward looking statements may be identified by words such as "seek", "believe", "plan", "estimate", "anticipate", "expect", "project", "forecast", or intend", and statements that an event or result "may" "will", "should", "could", or "might" occur or be achieved and any other similar expressions.

Forward-looking statements involve risks and uncertainties which may cause actual results to differ materially from the statements made. More information about these and other factors can be found in PayPal Holdings, Inc.'s most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other filings with the Securities and Exchange Commission (the "SEC"), and its future filings with the SEC.

The forward-looking statements contained in this announcement speak only as of the date hereof. PayPal expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events,

conditions or circumstances on which any such statement is based.

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