PAYPAL AT A GLANCE

Network effects
- >132 mm accounts active in last 12 months
- >10M merchants
- >US$145B total payment volume
- >$14B mobile total payments volume

Global footprint
- 193 countries
- 25 currencies
- Localized websites in 26 countries
- ~17% of global e-commerce

Network of networks with simplified access
- 27+ financial networks
- Connected with 15K+ banks globally
- 200+ banks in bilateral & multilateral deals

Online fraud prevention expertise
- 13+ years experience fighting fraud online
- Leading anti-fraud technology
- One of the lowest loss rates in the industry, <0.31%
- 3,000+ fraud operations staff managing risk

Total Payment Volume (US$BN)
- 2010: $92B
- 2011: $118B
- 2012: $145B

Active Accounts (million)
- 2010: 94M
- 2011: 106M
- 2012: 123M

Online Shoppers prefer PayPal
- #1
- #2
- #3
- #2
How PayPal Works

Complement the existing financial payments networks by leveraging the payments infrastructure to deliver secure internet payments worldwide.

1. Buyer pays with PayPal
2. PayPal transfers money to merchants
   PayPal account
3. Merchant ships goods to buyer

Withdraw to bank
PayPal balance
Means of withdrawal
The three pillars.

mCommerce
$32B

Point of Sale
$8T

eCommerce
$455B
In 2012 PayPal launched a project to bring our services to the offline world. By integrating PayPal with the existing payments infrastructure at the Home Depot and many other national retailers PayPal has become another trusted way to pay in traditional brick and mortar retailers.

Additionally, to accelerate our offline effort, we have entered into a partnership with Discover to achieve ubiquity quickly. Discover is accepted at millions of locations in the US and soon you will be able to pay with PayPal at any one of these locations.
PAYPAL’S DIGITAL WALLET

**FUNDS IN**
- PayPal
- Check
- Loyalty Card
- Gift Card
- Store Card
- Bank
- Cash

**FUNDS OUT**
- Banking Card
- Debit/Credit
- Peer-to-Peer
- Bill Pay
- In-Store Checkout
- Mobile Checkout
- Web Checkout

**ACCOUNT MANAGEMENT**
- Information Stream
- Rich Data

**SMART SHOPPING TOOLS**
- Product Search
- QR Promotions
- Local Offers
- Coupons
GLOBAL FOOTPRINT = GLOBAL REGULATION

PayPal has a network of more than 193 countries/regions and localized websites in 26 countries.

- PayPal operates as a money services business in the US.
- PayPal Europe is regulated as a bank in Luxembourg.
- PayPal has a money transmitter license in 47 states.
- PayPal is affiliated with Shanghai Wangfuyi Information Technology Ltd., licensed as an Internet Content Provider.
- PayPal is affiliated with PayPal Australia Pty. Ltd., is licensed as a purchased payment facility provider.
- PayPal is licensed as a Non-Credit Banking Institution in Russia.
- PayPal Private Ltd., is regulated in Singapore as a stored value issuer.
PayPal has made regulatory compliance a central part of our business, with leadership engagement, high prioritization, and significant resources to ensure a robust and proactive program. PayPal puts a premium on regulatory compliance and maintaining a positive working relationship with all of our various regulators.

PayPal’s AML/CTF risk profile is relatively low, given our primarily closed-loop environment, customer profile, and product and system controls. We nevertheless expend a significant amount of time and resources in maintaining a robust CIP/KYC program in accordance with federal law.
New Regulatory Structure

Regulation is Important
• At PayPal we believe that regulation of the payments ecosystem is fundamental in establishing consumer confidence and ensuring that all entrants play by an recognized set of rules

Considerations for Payments Regulation
• We believe that regulation can be both mindful of and designed for the changing US payments environment while also protecting consumers

• Regulations should be clear, predictable, consistently applied and outcome oriented. The regulatory system should be flexible enough that regulators can adapt to the changing payments ecosystem without hindering innovation

Need for a Modern Regulatory Regime
• In the absence of an overarching federal payments regulatory framework, state laws should be harmonized to the extent possible

• A new regulatory system is necessary that differentiates between traditional money transmitters and internet and mobile payment companies like PayPal and others
Thank You