Second Quarter 2023 Buyside Call | August 3, 2023

CORPORATE PARTICIPANTS

Dan Schulman, *Chief Executive Officer and President*

Gabrielle Rabinovitch, *Acting Chief Financial Officer and Senior Vice President*

CONFERENCE CALL HOST

Lisa Ellis, *MoffettNathanson*

PRESENTATION

Lisa Ellis

Good afternoon everyone or morning if you're on pacific time. Lisa Ellis here from MoffettNathanson. I'm doing my slow roll intro, because I know it always takes a few seconds for everyone to come into the webinar. Thanks everyone for joining us today for PayPal's 2Q 2023 Earnings Buyside call. I'm delighted to be joined by the PayPal team Dan Schulman, President and CEO of PayPal, as well as Gabrielle Rabinovitch, Acting CFO and SVP. Dan and Gabrielle, thanks for being here.

Dan Schulman

Thanks.

Lisa Ellis

Why don't we dive in. Dan, you sounded pretty encouraged yesterday on the call in terms of what you're seeing in the underlying business at PayPal. I'm sure we're going to get into a lot of specifics over the course of this call. But what's giving you more confidence today than a few months ago?

Dan Schulman

Well first of all Lisa, thanks for hosting the call, and thanks everybody for joining us this morning or this afternoon, wherever you are for it. We look at our results every single day and we look at them versus our forecast. We look at them versus our budget. We look at every single metric and so we have a real

pulse on the business. There's obviously a real disconnect between what we're seeing inside the business and the momentum that we have and what the market is seeing.

We're seeing all of our key metrics accelerate and accelerate nicely. They accelerated through the quarter and accelerated really nicely in July. Whether it be branded checkout [TPV FXN] now being north of 8% [in July], revenue now being north of 9% [in July]. And that's with all of these pretty big headwinds in the third quarter. To see July [revenue growth] north of 9% is pretty encouraging, TPV accelerating from 11% [in Q2] into the low teens [in July]. And then just the amount of innovation and product that is going into the market right now. We have 200 tests that were going on in Q2. We have another 200 that are slated for Q3 that are well underway. I mentioned on the [Q2] earnings call, 30 of them are successful, which means that we're seeing real changes in our metrics as a result of each of those successful tests. And those that aren't successful, we learn from as well.

We had one miss in the quarter where we had one limited part of our credit portfolio, our PayPal Business Loans, where we had $35 million to $40 million dollars [of increased margin drag versus our expectations]. We provisioned for losses for the rest of the year and we're still able to maintain our [non-GAAP] operating margin expansion guidance as well as our [non-GAAP] EPS guidance because of the strength of the business. We've tightened that piece of [our credit portfolio], we've reduced the amount of originations. They're all very high quality right now. So we think that is behind us. Obviously, it needs to run through our numbers through the rest of the year. But, the rest of the business is doing better than it has been in quite some time and that's what gives me encouragement.

Lisa Ellis

Got it. Okay, let's go to the transaction margin dollar growth. I know this is a metric that a lot of investors focus on and you guys got a number of questions on the call. So just looking at the 2Q'23 numbers, PayPal posted 8% total revenue growth, 5% transaction revenue growth but only about 1% transaction margin dollar growth which was a similar measure to what we saw in 1Q'23. Can you just walk through what the levers or the drivers are there, what causes that differential or that gap between transaction margin dollar growth and top line growth. Thank you.

Gabrielle Rabinovitch

You bet, Lisa. First I really want to start by saying that long term the acceleration of our branded checkout business and the increased profitability of our PSP Services, both through PPCP [PayPal Complete Payments] and our value added services for Braintree, is going to support stronger performance here over time. We also expect that strengthening cross-border trends and growth in e-commerce and discretionary spend will provide a constructive backdrop as we move through the year.

When we reported our results last quarter, we indicated that it would take a few quarters before we expected to see improvement [in transaction margin dollar growth]. As we called out yesterday, in Q2 there were several items that were more one time in nature that are really affecting the profile of the transaction margin dollar growth in the quarter. We did call out FX fees, obviously FX volatility has been down. We earn less on those transactions. FX as a bucket was an area where we did see some dollar

pressure. In addition, we were up against some hedge gains from a year ago that put another $72 million of pressure on transaction margin performance. We also called out some contractual benefits from which we benefited in Q2 of last year to the tune of about $75.5 million that we did not have recurring in this quarter.

In addition to that, as Dan just mentioned, on the PayPal Business Loan side, there was some incremental pressure there too that did affect us in the quarter from a transaction margin dollar standpoint. That was both from less revenue coming in after we tightened originations pretty meaningfully in the first part of the year. It was also from increased provisioning that had an impact on our loan loss expense line.

Separate from those things we talked last quarter about some platform migration and consolidation that we were doing. This is really about deprecating some older parts of our platform that we've not been for supporting from an innovation standpoint and efficiency standpoint, and migrating over to some better performing products and platforms for our customers. We'd expect to anniversary most of this in the fourth quarter of this year. I'm talking about the deprecation of PayPal Here, what we're doing with our invoicing business and PayPal Pro, where PPCP comes in and really takes the place of PayPal Pro. Dan talked yesterday about the strong pipeline there and the growth that we expect to see as we move through the year and really into 2024.

And so, as we move through the year, we do expect that compares get cleaner and the overall transaction margin profit growth to improve. We can talk more later on or on other calls as follow ups around the adjusted numbers. But if you adjust for some of the noise that we saw in Q2, the [transaction margin dollar] growth would have been a few [percentage] points stronger. That's adjusting for some of the benefits we saw in the quarter as well as some of the drags. We do expect to see this trajectory improve as we move through the year. I know there are a number of people that are also now spending more time looking at net transaction revenue, which would be transaction revenue less transaction expense, which strips out the noise from other value added services which would be interest income benefits as well as some of the pressure that we're seeing from credit. That too is a number where we do expect to see progression through the year and to see an improving trend such that we would exit the year in a stronger position overall.

We're encouraged by what we're seeing in cross border. We're encouraged by what we see in branded checkout. And those are the kinds of things that are going to support the stronger growth of this number over time.

Lisa Ellis

Got it super helpful, and that I think maybe bridges nicely to my next question, which was about unbranded checkout and how you think about trading off growth in that platform versus profitability. The unbranded platform, which I know the majority of that volume is the Braintree business, has been growing just an extraordinary pace 40% in 2022, 30% year to date in 2023. But this really strong acceleration in unbranded is one of the factors that's been pressuring some of transaction margin [performance]. So just strategically, when you're looking at and competing for these big unbranded

deals with large enterprises that come in at lower margins, how do you think about making that trade off and how they work within the overall portfolio of PayPal.

Dan Schulman

Yeah, I'll start, and then maybe Gabz can jump in. We think the PSP business is a real strategic asset for us. We're winning in the marketplace right now because we have a better product and that's come from a lot of investments. When you're doing unbranded checkout, point number one is availability and it's got to be five nines [99.999%], or even better, because you're running the entire checkout process for a merchant. The second thing is authorization rates. If your authorization rates are better, you're likely to win. But if your authorization rates are not as good you will not win. Authorization rates are more important than pricing. Loss rates are also incredibly important. When we go in, and typically on Braintree we come in and grab ~20% of a customer's volume, and then they compare authorization rates, then they move the vast majority of their traffic over to us when they see authorization rates and loss rates and availability.

Obviously, you need to have other feature functionality. One of the big reasons Braintree works so well is we have best in class orchestration which enables [merchants to work with] other third parties and PSPs. We encourage that as part of our platform. We don't have a closed architecture. We have an open architecture around that. We also know that every single merchant that moves on to PPCP comes onto our latest check out [integrations]. Part of the reason we're beginning to see branded [checkout TPV accelerate] is more and more of our most strategic merchants are moving on to our latest integrations. These two things go hand in hand. I talked about one of the calls that our number of top 100 merchants now on our latest integrations has gone from 33 to 43. Well on our way towards what was a pretty aspirational goal of 50 by the end of the year.

We also are capturing a tremendous amount of data and information when we do full stack processing, which in the age of AI, scale and unique data sets will be a differentiator in what value propositions look like in the future. On top of that we're introducing a number of high value services like FX as a service, risk as a service, dispute authorization, which are high value to merchants but also high margin for us. We're expanding internationally. Braintree is predominantly US. We're now expanding that internationally. We just added six LatAm countries, which are also because we can orchestrate, providing tremendous authorization rate benefits to our largest customers there, but also at a higher margin.

We're moving into in-store. We have 20 marquee merchants now. We're in over a thousand store locations integrated into thousands of POS systems right now. This was a weaker spot for us, and now opens up a pretty big TAM for us as well. And then PPCP, as you go down market, there are higher margins associated with it. It allows us to take that longer tail SMB market and move them on to our latest [checkout] integrations as well. FX as a service will be available for that this quarter rolling out.

It takes time for these things to move through as big a business as we have right now.

We did $377 billion of TPV last quarter [Q2'23] growing 11%. We grew in the low teens in July, imagine what our TPV will be for the for this quarter. But clearly, that [all of our PSP initiatives] will make a difference as we go through the year and into 2024.

Lisa Ellis

Okay, let's go to branded checkout. Branded checkout grew mid single digits in Q2 and you indicated on the call it accelerated somewhat into July. I think it's up over 8% [FXN]. Now I know that comps for branded checkout are getting a bit easier as we move through the year. How should investors be thinking about what the right trajectory is that they should be looking for from branded checkout.

Dan Schulman

Well, I think we said on the [Q2 earnings] call that we expect it to continue to strengthen. I think high single digits [FXN TPV growth] is probably a good way of thinking about branded checkout. That's obviously as high as we've been post pandemic and I think that's realistic. I think there is support. From a macro perspective, I was talking to some of the Federal Reserve governors even this morning about some of what they're seeing and some of what we're seeing. I think there's reason to be optimistic that discretionary spend is slowly rising. There's more of a move towards goods, towards fashion, clothing, retail. Not just services and travel. So that's going to be supportive. But we obviously have a lot of things that we've been working on quite hard to improve our branded checkout experience and our digital wallets. Those two come hand in hand, because the more [consumers] use our digital wallets the more TPA [transactions per active] we see, the more ARPU [average revenue per user] we see as well.

We've got a tremendous amount of experimentation going on. We've got some larger things that we're putting into the market, from the rollout of passkeys and other authentication methodologies to the rollout of pre-approval of buy now, pay later [BNPL]. We said earlier in the year that our competitors could not buy placement anymore and that we were going to aggressively go after lighthouse clients. And we have won those in the marketplace. I think we won something like 37 in the first half of the year, what we would consider to be lighthouse merchants. From Microsoft to Live Nation to Nordstrom to Office Depot and others around the world. We're also seeing our upstream [presentment] for buy now, pay later, when we're on the product pages, up 85% year over year. That obviously bodes well for branded checkout.

We're also moving into things like early fraud alerts, things like rewards. As well as upgrading all of our merchant experiences to be native and in-app and still having improvements to what are already pretty good SDKs [software development kits] and APIs [application programming interfaces] for merchants to directly link into.

Lisa Ellis

You highlighted a few of them, passkeys, some of the innovations you're doing around BNPL. Maybe I'll just ask a little bit of a broader question. Coming off of the pandemic when we've seen some of the

deceleration in branded checkout, there's been this concern that PayPal has been playing a little more defense when it comes to the branded checkout franchise. But as you highlighted, you are starting to rollout a number of capabilities that kind of shift you back into offensive mode, so to speak. What in your view are the top couple of things that are really leapfrogging the rest of your competitors in branded checkout.

Dan Schulman

For the most part, there really aren't silver bullets, like a thing that will leapfrog you. This is grinding it out. This is one experiment after another. One A/B testing can move metrics by 3 or 4 basis points. What does a certain messaging do to conversion rates on there. The biggest things we're doing is grinding one by one by one. Things that we are doing like upgrading the largest merchants to our latest checkout experiences, because when that happens, we hold or grow share in almost every single one of them. Moving merchants to buy now, pay later because we know when we have buy now, pay later, we gain share in branded checkout. That's a merchant-by-merchant process. There are obviously some bigger ones that we're putting out in the market that we have a lot of confidence in. And we're seeing some really interesting and good results on that. I'll talk about a couple of them right now, Lisa, but I don't want anybody on the call to think that there is like one big thing that happens. There's never a big thing that happens on these things. This is day by day. Every single day, every single week, are you getting better? And that is kind of the philosophy of the product teams, in the engineering teams right now. Every single day we expect to see improvement and show us where that is.

Some of the bigger things obviously is we're moving more heavily into upstream in our digital wallet of discovery of rewards. I mentioned this yesterday on the [Q2 earnings] call, but we've got over 10 million people now who are downloading rewards or cash back into their digital wallet and having that automatically apply when they checkout. That's up 20% quarter over quarter. People who are utilizing those rewards now have 32% greater TPA. Those are big numbers for us. We're putting out what we call early fraud detection which we have a lot of hope on. We have a tremendous amount of data. We have a tremendous amount of risk modeling, very proprietary machine learning models. We have a ton of very close connections with FIs [financial institutions] here in the US and around the world where we can monitor our consumers. If we see any evidence that cards are being used fraudulently, we can both reach out to them proactively, or let them know proactively that their cards are safe, and at the same time reach out to the FI to automatically issue another card so that there is no interruption in their service. We think first this kind of burnishes our reputation for safety and security. But secondly, people are adding more financial instruments to our wallet, and the more they add to our wallet more transactions they do with us. We're at 10% roll out of that right now. That will continue to roll through the rest of the quarter.

Obviously passwordless is a big deal. When I look at what our aspiration is, our aspiration is to have a login experience that is equal to or better than anybody else out there. And we have work to do on that against others, like Apple that has authentication methodologies built in. But 70% of our transactions right now are passwordless outside of the EU. We're rolling passwordless aggressively into the EU. That's going to have a double benefit, because it'll obviate the need for SCA, strong customer authentication, which adds friction into the process, which is taking down authorization rates and conversion rates.

When you have passwordless there, it takes them back up. We've got very specific goals and aspirations around that. That is a combination of passkeys but also other biometrics, linked biometrics and authentication methods that are proprietary to us that we are putting into place as well.

Lisa Ellis

I think those are probably some of the bigger ones. I've gotten a couple of questions in my email, so I'll go directly to Venmo. Venmo volume growth has been running in this sort of high single digit range these last couple of quarters. What are the big initiatives that you've got underway internally to reaccelerate Venmo growth? And any update you can give us around the monetization strategy and progress for Venmo as well.

Dan Schulman

Yeah, sure. I'll start off and Gabz can probably fill in the blanks. We saw acceleration [in Venmo TPV] from Q4 [‘22] into Q1 [’23]. Q2 [’23 TPV] was roughly the same I think our growth rate was rounded, I think we're at 8.3% or something. We were 9% last quarter, about the same this quarter. But we expect that to accelerate as we look into Q3 and Q4 [of FY’23]. Venmo is a massively powerful brand. There's a study on Tik Tok, for those of you that pay attention to Tik Tok, where it's the number one FinTech brand on that platform. We do have 90 million active [accounts], around 60 million monthly active users on [Venmo]. And there's a lot of good work happening in Venmo under new leadership there, both on the engineering side and the product side. They are well under way in fixing the basics of that platform whether that be P2P search functionality, the ability to have more funds come in. We raised the add funds limit by doing kind of a real careful look across risk and everything else. We saw about a 13% increase in funds in. That's a big deal. We put in new functionality to make things like splitting [payments] easier. We just put that in just a month or so ago and you have well over a million people using it right now. The teen account, we got a big list of people waiting for that. We've just ramped to about 40% of the base on that, hopefully will be 100% by the end of this month. It may go to the end of the quarter, but that's our plan.

We obviously want to do a lot on the commerce side. It's a big deal with 2 million merchants that are part of the platform. John Kim [our CPO] talked a lot about this merchant graph and how do we more tightly connect merchants and consumers in their communities. Tap to pay is now live on both iPhone and Android. Those are all very, very important. Pay with Venmo is the biggest potential area of growth for us. We've said that for a long time. I still say it again. But we are seeing some traction. We are seeing [Pay with Venmo] TPV grow meaningfully there. It's up 70% year over year and accelerating. We brought in 27 new big merchants in the quarter, and these are merchants like Xbox, GoFundMe, McDonald's. Everyday type of spend. We're putting into place marketing programs with those. The Amazon partnership is a really close and good partnership right now. Both of us are very much behind this initiative. We're putting muscle behind it. We were just added to Prime subscriptions. We were just added to Turbo checkout. We saw a real nice lift in first time users as a result of that. So a big lift in first time users around Prime with a continuation post Prime. TPV is up quite significantly post Prime [Day].

And the final thing on Venmo is cards, both debit and credit. We are really trying to make debit just a part of the sign-up flow right now, not something separate. Pre-approval for people to put in debit. Credit is up 60% year over year in the quarter in terms of the growth in actives. We'll keep plugging away at Venmo. As I always say, Venmo has more potential than a lot of parts of our portfolio. We still have to prove that we can monetize it even beyond what we are doing. But I feel like the team is making a lot of good efforts and progress in this area right now.

Gabz, anything else you would add to that?

Gabrielle Rabinovitch

Yeah, I think just the rate of innovation. The pace of innovation in Venmo has accelerated very meaningfully year to date. We're really encouraged by the product introductions that we're making and the initial response that we're seeing. What you were talking about just around making funds in capabilities easier, creating better pathways to debit and credit adoption. All these things are really important to growing the ecosystem and to creating a healthy ecosystem between P2P, experiences, and then the monetization piece which kind of all comes together. I'm also really pleased by the advancements we're going to make around getting our cards into some important wallets as we move through the year. So moving more closely towards being provisioned in the Apple Pay wallet which is going to be ramping this quarter, as well as being more prominent in other important digital wallets is going to help with the ubiquity of Pay with Venmo as well.

Lisa Ellis

Well, my 79 year old father texted me yesterday asking me to teach him how to sign up for Venmo. So you can count that 90 million and one. Gabrielle, the next one might be for you. OVAS [Other value added services] was from a revenue perspective a stand up this quarter, up 37% year on year, helped of course by interest income that's sitting in that category. But then also on the margin side of the equation, I think Dan highlighted upfront you had some increased reserves associated with the business loan portfolio. That's also sitting within OVAS. Can you just talk a little bit about how investors should be thinking about the pluses and minuses in that portfolio, and what the trajectory is as we get into the back half of the year and we start to lap some of the interest income and maybe other things in there that we should be thinking about.

Gabrielle Rabinovitch

Yeah, absolutely. Our other value added services [revenue] line item is predominantly composed of both the revenue streams from our credit programs as well as from interest income on our customer store balances. There's some other small items in there as well, but those two pieces are really the biggest pieces of other value added services. We called out an expectation that our other value added services revenue would decelerate into the back half. We were on a blended basis high 30s [OVAS revenue growth y/y] in the first half of the year. We'd expect that to decelerate in Q3 and then again into Q4. We'd expect in the back half to see about mid-teens growth overall in other value added services

[revenue]. For the full year we'd expect other value-added services revenue to grow around mid-twenties.

From the standpoint of what's happening in credit, we are absorbing some additional pressure from PayPal Business Loans in the back half of the year. Even with that we're maintaining our guidance on [non-GAAP] operating margin expansion and our [non-GAAP] EPS guidance. But we are expecting to see some more pressure from that book. Last quarter when we reported our first quarter results, we noted that we've seen some softening of performance in the merchant loan book. And this is specifically the PayPal Business Loans product. We had acted very rapidly to address those issues. We've implemented a number of risk mitigation strategies. We've also very meaningfully tightened the underwriting in that book. The performance that we're seeing now is very consistent with what our risk appetite is and what our expectations are. But we expect to see this lower quality piece of the book that really came on in the later part of last year and January of this year, it's going to take several quarters for it to fully roll off. That is contemplated by our guide.

From an origination standpoint, we originated about 25% as many PayPal Business Loans in Q2 of this year as we did in Q2 of last year. The balance is down about 30% quarter over quarter. We have made some major changes there. We've also improved our collections program. Overall, PayPal Business Loans is less than 15% of our overall credit receivables. And so we feel very good about the remaining piece that has to roll off in that book. But more importantly, overall, our credit programs are performing very well. Our consumer credit products are performing very nicely. We've seen very stable performance on our PayPal Working Capital loans. And so this is really isolated, and something that's very well contained and we expect to move through it as we go through the year.

Lisa Ellis

Dan, maybe just one quick follow back up on Venmo because someone just pinged me over email and I have gotten this question a number of times in the last 24 hours. Can you just give a quick update on how the Venmo availability on Amazon is going, and also whether there's a possibility of adding BNPL on Amazon to that relationship? Thanks.

Dan Schulman

We would never talk about any possibilities that we might have with Amazon, besides exactly what we're doing with them. That's a good, strong relationship that we have with Amazon right now and getting closer and closer. So I think that's always a positive sign. As I mentioned, the Amazon relationship is strengthening. We are seeing more and more first time users [of Pay with Venmo on Amazon]. We have millions on the platform already signed up. Many of those sign up Venmo as their default option, so for every subsequent purchase that they have on Amazon it defaults to Venmo. That's something both the Venmo team and the Amazon team are excited about. As I mentioned, we saw big lifts as we further integrate into Amazon properties like prime subscriptions and turbo checkout. That was a 21% list in first time users and continued lift that you see there. Really nice lifts on July 11th/12th Prime Day. I think we saw something like seven times the amount of first time users coming in. With TPV I think it's running something like 30% or 40% above pre-prime day averages still. That comes from that

default and people just continuing to use it. Really pleased with the momentum there. Obviously, Amazon is a tremendous force in e-commerce. And we both want Pay with Venmo to be as successful as possible.

Lisa Ellis

All right, Gabrielle I'm coming back to you with a couple of expense, investment and capital allocation related questions. PayPal's non transaction operating expenses we're down 11% year on year in 2Q, which is a big part of what enabled PayPal to grow [non-GAAP] EPS 24% in the quarter. How are you thinking about the tradeoff between that opex [operating expense] efficiency and making sure that you're making the right investments back in the business? And I'll just bundle a question related on capital allocation. Same kind of question. You've committed up to $5 billion of share repurchases [in FY'23]. How do you make the tradeoff between share repurchases and then other capital investments, either organic or inorganic, back in the business?

Gabrielle Rabinovitch

Sure, absolutely. On the investments versus opex efficiency side. Yes, you've seen some real leverage come through on our non-transaction related opex side this year. I think it's really important to look at the multi-year trend on these line items. While you see these very meaningful declines this year, overall if you look at a compounded growth rate for these line items on a five year or three year basis, you actually see very healthy investment in these areas especially when you think about it relative to our top line growth. On a five year basis, most of these line items come in the high single digits growing compounded on an annual basis relative to low tees revenue growth over that period. That feels like a good algorithm for us in terms of how we think about the growth in non transaction opex relative to the growth in revenue.

We're being very careful and thoughtful about where we are realizing savings. It's about productivity gains. Some of what we've talked about around platform consolidation, around platform migration, around deprecating older products that need a lot of support. These are areas that allow us to move more quickly. They also allow us to serve our customers better and in a more integrated, comprehensive way. It actually leads to customer wins. To the extent we can make improvements on the way we support our customers and our customer support and operations side as well, these are efficiencies that actually wind up serving our customers better. We would also expect over time, some of the work that we're doing to improve the platform just eliminates customer service issues. All of this is really with a mindset around productivity. I think we are being very, very thoughtful in terms of how we think about those investments relative to the cuts that we're making. We're continuing to invest very heavily in the important areas of our business that we've called out like branded checkout, improving our PSP business, investments in the digital wallet. All those things go on. We just really narrowed the set of priorities.

In addition to that, you're right. We had opened the year with an expectation of about $4 billion dollars in share repurchases [for FY'23]. Historically, we've been relatively balanced between share repurchase and M&A. Our acquisition activity has slowed. As a result, over the past two years we really put more

funds into our buyback program. And part of that, too, is that we do feel that we're undervalued relative to the intrinsic value of the assets that we have. We feel like it's an important time to reinvest and make sure that we're doing the right share repurchase to support the business. We did announce that we were increasing that [FY'23 share repurchase] commitment to $5 billion dollars. That's in part because with the move towards externalizing our European buy now, pay later portfolio to KKR we do free up some capacity. We have the opportunity to be a little more aggressive with share repurchase in year. When we think about the opportunity to allocate our free cash flow both organically and inorganically, the work we're doing with KKR as well as how we think about funding our credit business going forward will continue to allow us to be more efficient and to optimize our balance sheet.

Lisa Ellis

Got it. Okay, good. Well, we only have about two more minutes. Dan, I want to come back to you and just ask a bit about the CEO transition. I say that with bittersweet feelings. On the [Q2 earnings] call yesterday you indicated that you're now in the very final stages of the CEO selection process. Obviously, you've been very heavily involved in that. What are the key skills and capabilities that you and the board and the committee working on finding PayPal's next CEO are looking for and any other comments that you have on that process. Thanks.

Dan Schulman

Yeah. I don't know if it's too many more, but it's what I said on the [Q2 earnings] call. We are in the very final stages of it. We do have tremendously qualified people who are very excited about the opportunity, and they should be because it is a really exciting opportunity for anybody to come in and lead what really is a great franchise. The board's been quite thorough, quite diligent in the process and we are at the very end of it. There's a heavy emphasis. There's a lot of things that PayPal does in the market, product being very important in that. It's been one of the one of the major things that we've been looking at in terms of a skill set for the next CEO. I'm really eager to welcome the next CEO. I think they've got a lot of great things to build upon and it's going to be a great transition for them. So stay tuned for that.

Lisa Ellis

All right. Terrific. We're up at the end of the time. Folks that joined us today and have been listening in, thank you so much for joining us. If we didn't get to any of your questions, of course, feel free to reach out to me or someone on my team here at MoffettNathanson. Or of course, Gabrielle, Ryan, Allison, and Lizzie, the team over at PayPal with any follow ups as well. With that I would just say Dan, Gabrielle thanks a lot for joining and thanks to everyone else that's on the call. Thank you.