

PayPal's "One Touch" Reaches 50 Million Users

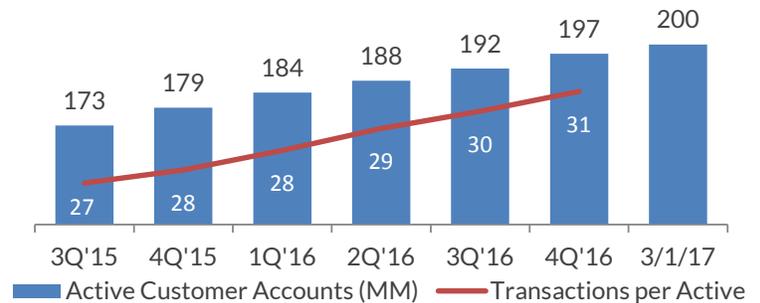


PayPal's One Touch allows users to checkout and pay with the click of a single button – the product's convenience has driven significant growth recently.

One Touch Overview

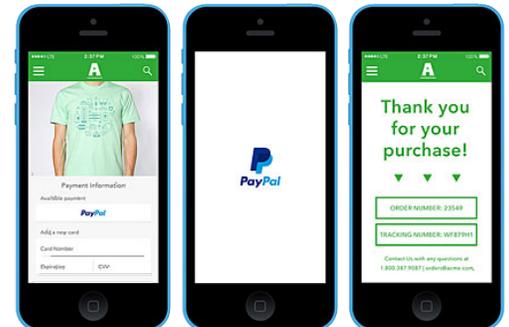
- PayPal is the second-largest digital wallet in the world (behind Alipay) with 200 million active users worldwide, 25% of which now use PayPal One Touch
- PayPal launched One Touch in April of 2015 on web and mobile devices in the US and added over 10 million users within the first 6 months
- There are currently over 5 million merchants globally that are One Touch-enabled automatically
- One Touch enables an 87% checkout conversion rate for mobile commerce, substantially higher than the market average of 44%, according to PayPal

Active Accounts and Transactions per Active per Year



User Experience Highlights

- PayPal users in 140+ countries can activate One Touch by selecting "stay logged in for faster purchases" when using PayPal
- One Touch doesn't change the merchant's checkout page or app screen; users still have the option to enter credit card information or select PayPal or other payment methods
- One Touch simplifies the PayPal experience by eliminating the need to login as long as one uses the same device and browser
- Depending on how a merchant has implemented PayPal, purchases may automatically bill to their default payment method or users may be asked to confirm shipping address and funding method



Competitive Product Examples



- Amazon's 1-Click has been available since 1997, but was patented and only available at Amazon
- Klarna Checkout launched in Europe in 2014 and the US in 2015; it allows customers to only enter their email address at checkout
- Apple Pay debuted in 2014 and allows users to authorize online and in-store transactions with Touch ID



Commentary

- As e/m-commerce passes 10% of U.S. retail sales, increasing conversion and delivering a seamless experience are strategic priorities for all merchants
- The entry of new digital payment solutions and retailer "wallets" has changed the competitive norm; PayPal is increasingly compared to one-click payment solutions, not long credit card forms
- One Touch makes PayPal's "consumer choice" partnerships with card networks, FIS, Citi, etc., more important because default cards will be used for more transactions with One Touch
- Higher take-up of PayPal could shift volume away from payment cards and/or merchant acquirers

Sources: Company announcements and First Annapolis Consulting observations.

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