

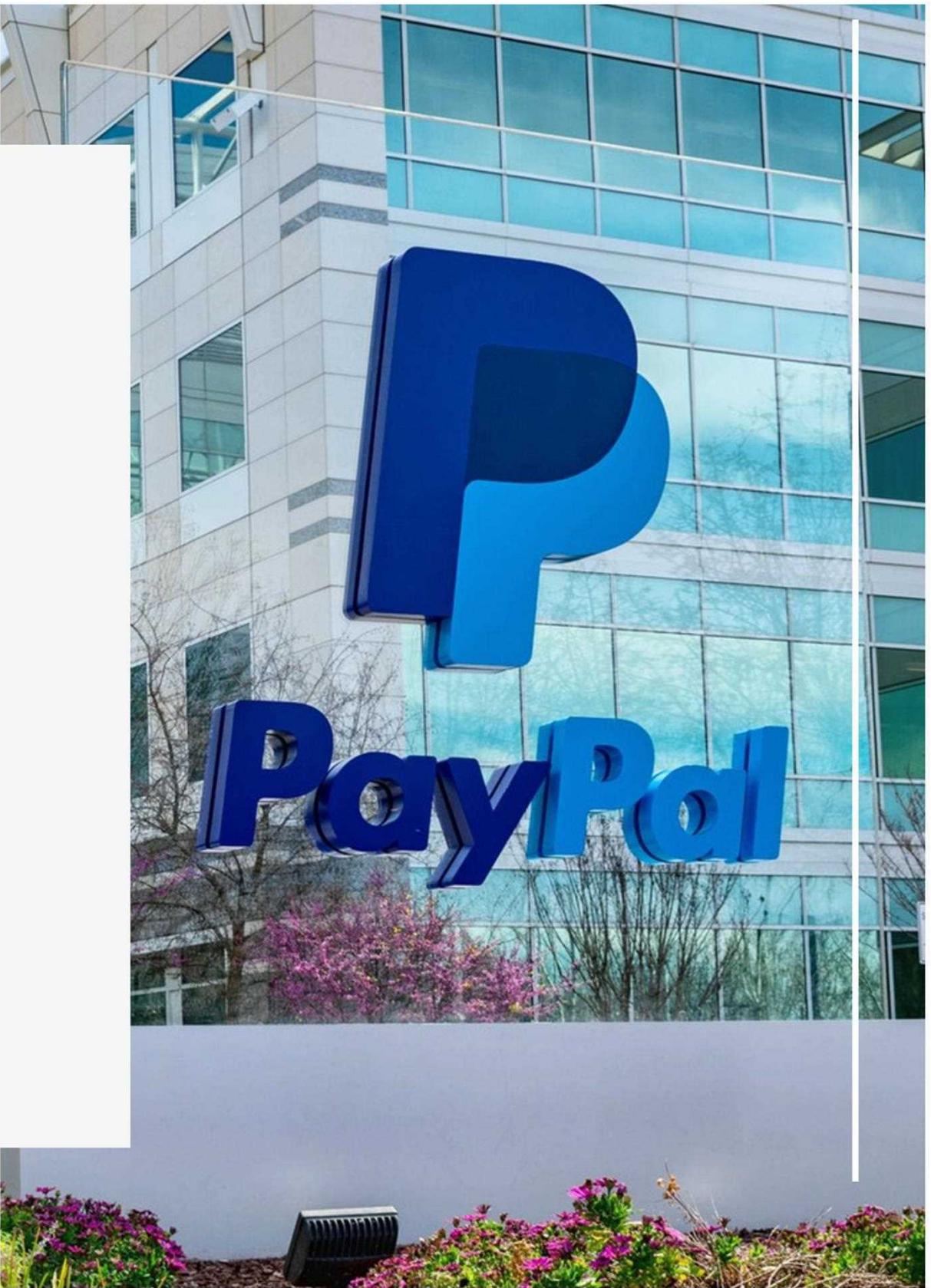
FINTECH COMPANY



GROUP 8

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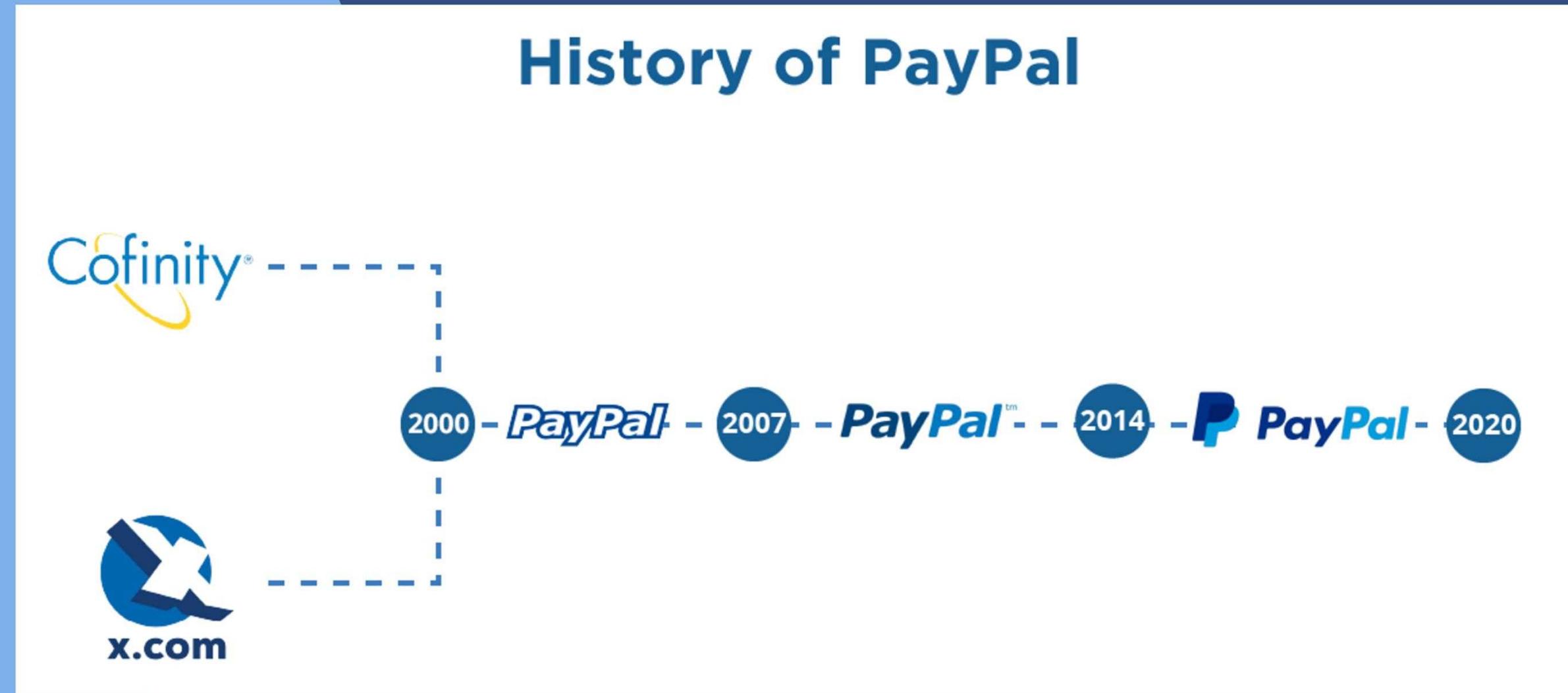


COMPANY INTRODUCTION

- i. History
- ii. Vision, Mission, and Core Values
- iii. Organizational Chart
- iv. Key Products/Services and Market Segments



COMPANY INTRODUCTION



2000: Paypal is founded as a merger between 2 firms

2002-2014: Became Ebay's Subsidiary

2015: Paypal's independence was declared

COMPANY INTRODUCTION

MISSION

To democratize financial services

VISION

Affordability, security, convenience should no longer be a privilege

**CORE
VALUES**

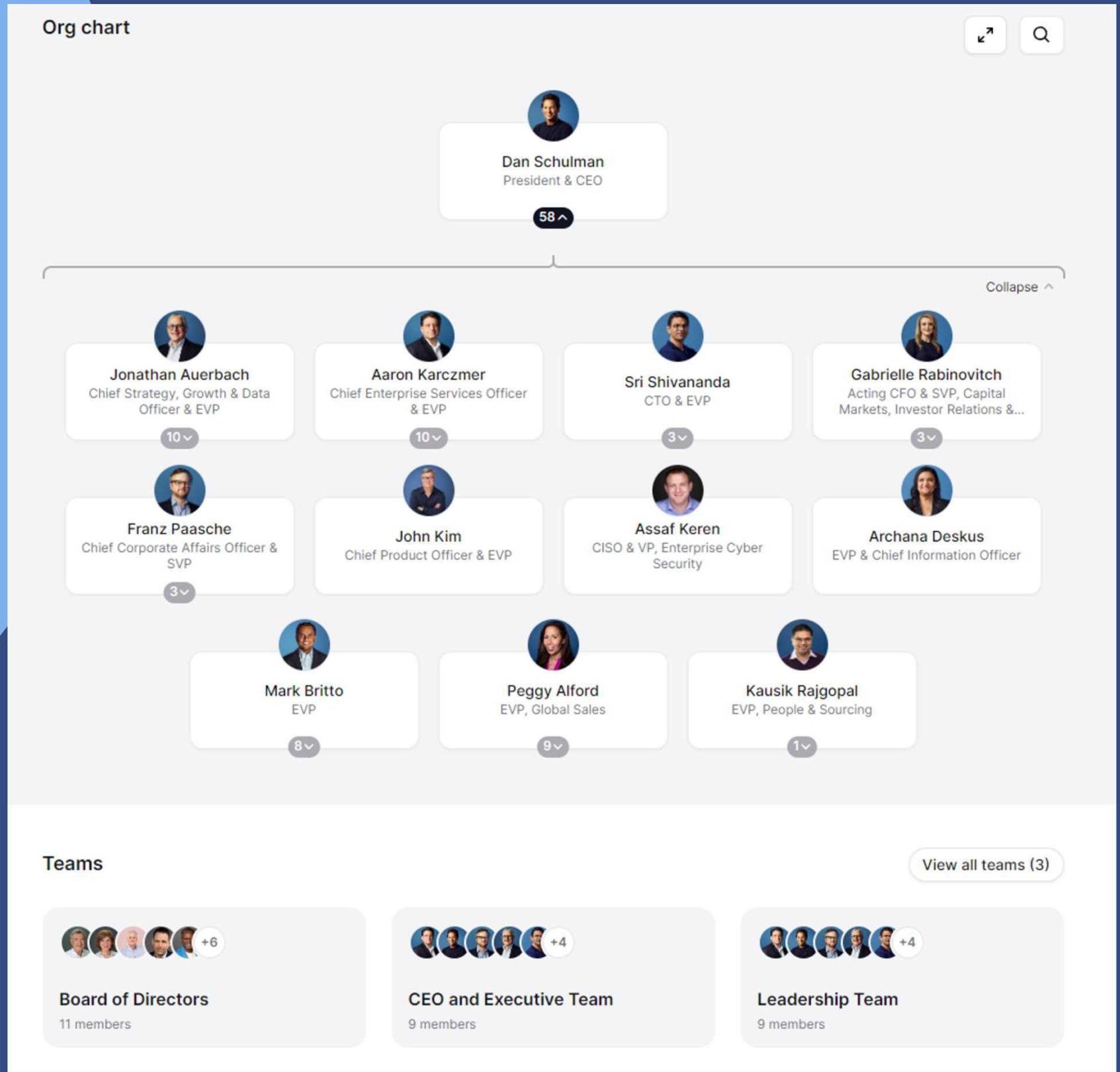
Inclusion, Innovation, Collaboration, and Wellness



COMPANY INTRODUCTION

PROS

- Allows employees to focus on their role
- Encourages specialization
- Helps teams and departments feel self-determined
- Is easily scalable in any sized company



CONS

- Can create silos within an organization
- Hampers interdepartmental communication
- Obscures processes and strategies for different markets or products in a company

COMPANY INTRODUCTION

PRODUCTS &
SERVICES



MARKET
SEGMENTATION





MACRO EXTERNAL ENVIRONMENT



POLITICAL

Government Regulations

- Impact on operations and compliance requirements

Geopolitical Factors

- Influence on cross-border transactions and market expansion

ENVIRONMENTAL

Environmental Sustainability

- Influence of consumer preferences and reputation enhancement

ECONOMIC

Economic Conditions

- Impact on consumer spending and transaction volumes

Exchange Rates

- Effects on international transactions and currency conversion

SOCIAL

Digital Payment Adoption

- Opportunities for user base and transaction growth

Changing Consumer Preferences

- Shaping innovation and product development strategies

TECHNOLOGICAL

Technological Advancements

- Opportunities for service enhancement and user experiences

Cybersecurity

- Importance of protecting customer information and maintaining trust

LEGAL

Data Protection & Privacy

- Compliance with regulations for customer information security

Intellectual Property Laws

- Safeguarding innovations and avoiding infringement claims

PayPal

MICRO EXTERNAL ENVIRONMENT

COMPANY

PayPal's brand reputation, financial performance, and strategic decisions impact its market position.

SUPPLIERS

Reliable suppliers, including financial institutions and technology providers, are crucial for PayPal's smooth transaction processing.



MARKETING INTERMEDIARIES

Intermediaries like financial advisors and payment gateways help expand PayPal's reach and drive user adoption.

COMPETITORS

Intense competition from traditional financial institutions and other PayTech companies such as **Square (Block Inc.), Venmo, Apple Pay, Google Pay, and Amazon Pay.**

GENERAL PUBLIC

Public opinion and trust in PayPal's services influence customer acquisition and retention.





INTERNAL ANALYSIS

STRENGTHS

- Established Brand
- Wide User Base
- Diverse Product Portfolio
- Strong Technology Infrastructure



WEAKNESSES

- Dependency on Partners
- Limited Market Reach
- Pricing Pressures
- Customer Disputes and Chargebacks





EXTERNAL ANALYSIS

OPPORTUNITIES

- Growing E-commerce Market
- **Global Expansion**
- Partnerships and Alliances
- **Mobile Payment Adoption**
- The Launching of *PayPal Stablecoin* (PYUSD)



THREATS

- Competition from other PayTech companies
- **Regulatory Environment**
- Cybersecurity Risks
- **Market Volatility**





RATIOS ANALYSIS

Activity Ratio	2022	2021	2020
Inventory Turnover	0	0	0
Day of inventory on hand (DOH)	0	0	0
Receivables turnover	61.49%	60.72%	58.36%
Days of sales outstanding (DSO)	61	62	65
Payables turnover	34.74%	34.25%	26.90%
Number of days of payables	109	110	140
Working capital turnover	2.39	2.21	1.87
Fix asset turnover	7.07	7.31	7.03
Total asset turnover	34.96%	33.47%	30.48%

PayPal has demonstrated a reliable and effective performance in producing income and cash flow from its resources and assets.

Lquidity Ratio	2022	2021	2020
Current ratio	1.28	1.22	1.33
Quick ratio	1.23	1.19	1.30
Cash ratio	0.24	0.22	0.34
Defensive interval ratio	33952.51	2410.05	56357.99
Cash conversion cycle	-47	-48	-76

The factors we computed above indicate that PayPal's liquidity was low between 2020 and 2022.

Solvency Ratio	2022	2021	2020
Debt-to-assets ratio	13.23%	11.94%	12.70%
Debt-to-capital ratio	33.94%	29.40%	30.82%
Debt-to-equity ratio	51.38%	41.64%	44.55%
Financial Leverage ratio	3.88	3.49	3.51
Debt-to-EBITDA	2.09	1.62	1.38
Interest coverage	12.07	18.67	25.23
Fixed charge coverage	6.04	7.71	9.18

PayPal has demonstrated a moderate level of solvency from 2020 to 2022 based on these solvency ratios.



RATIOS ANALYSIS

Profitability Ratio	2022	2021	2020
Gross Profit Margin	50.05%	55.17%	54.90%
Operating Profit Margin	14.70%	17.04%	15.98%
Pretax Margin	12.23%	16.16%	23.61%
Net Profit Margin	14.70%	17.04%	15.98%
Operating ROA	5.14%	5.70%	4.87%
ROA	3.07%	5.50%	5.97%
Return on total capital	11.96%	14.07%	18.18%
ROE	11.93%	19.19%	20.94%
Return on common Equity	19.20%	15.98%	15.24%

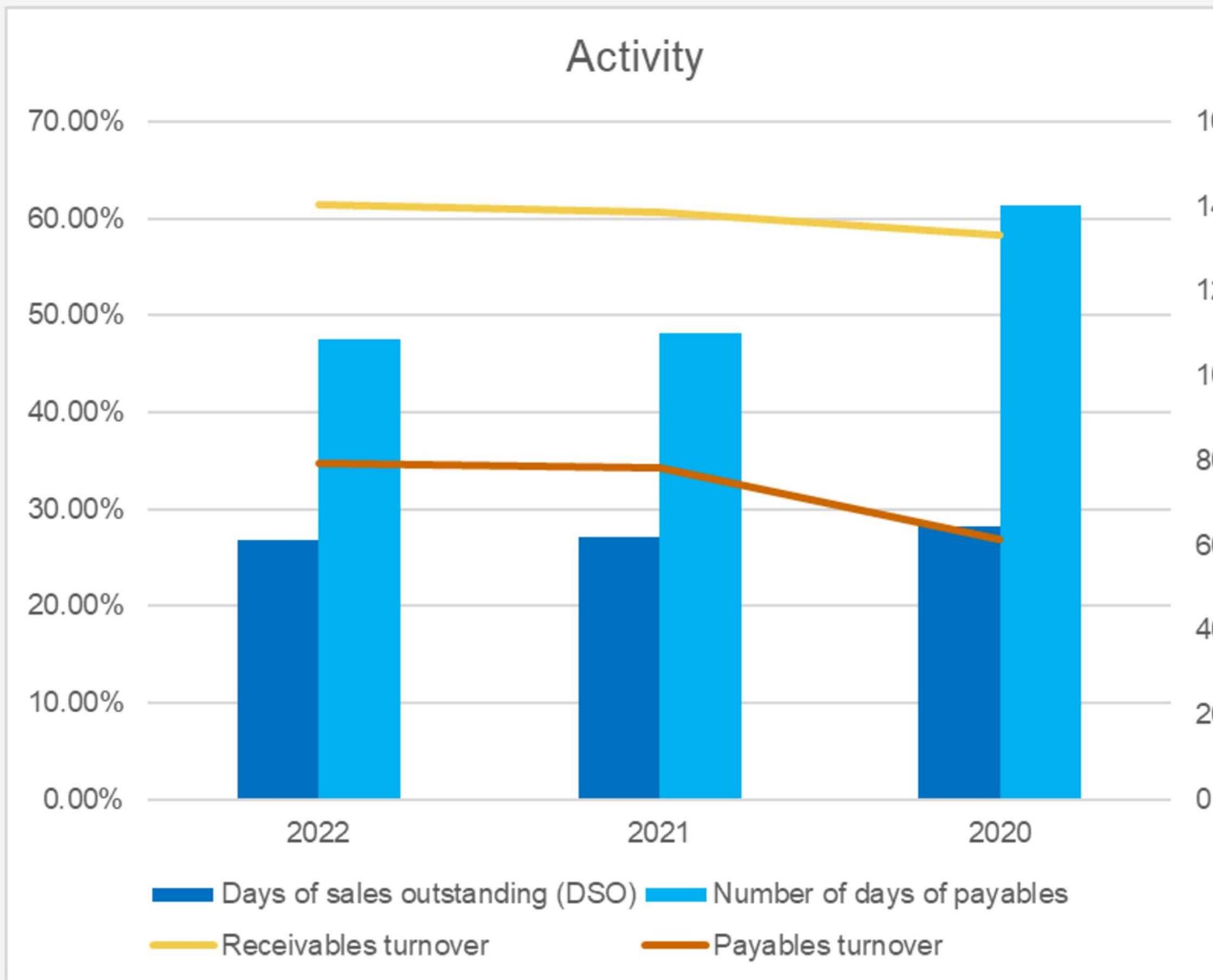
The market for digital wallets and online payments has expanded, notably since the COVID-19 outbreak, which has been advantageous for the firm.

Valuation Ratio	2022	2021	2020
P/E	29.44	69.54	66.16
P/CF	12.81	13.44	13.87
P/S	2.59	11.44	12.96
P/BV	8.58	32.14	27.93

Although the company's profitability and efficiency are good and constant, there are significant obstacles and uncertainties in its future profits growth and value.

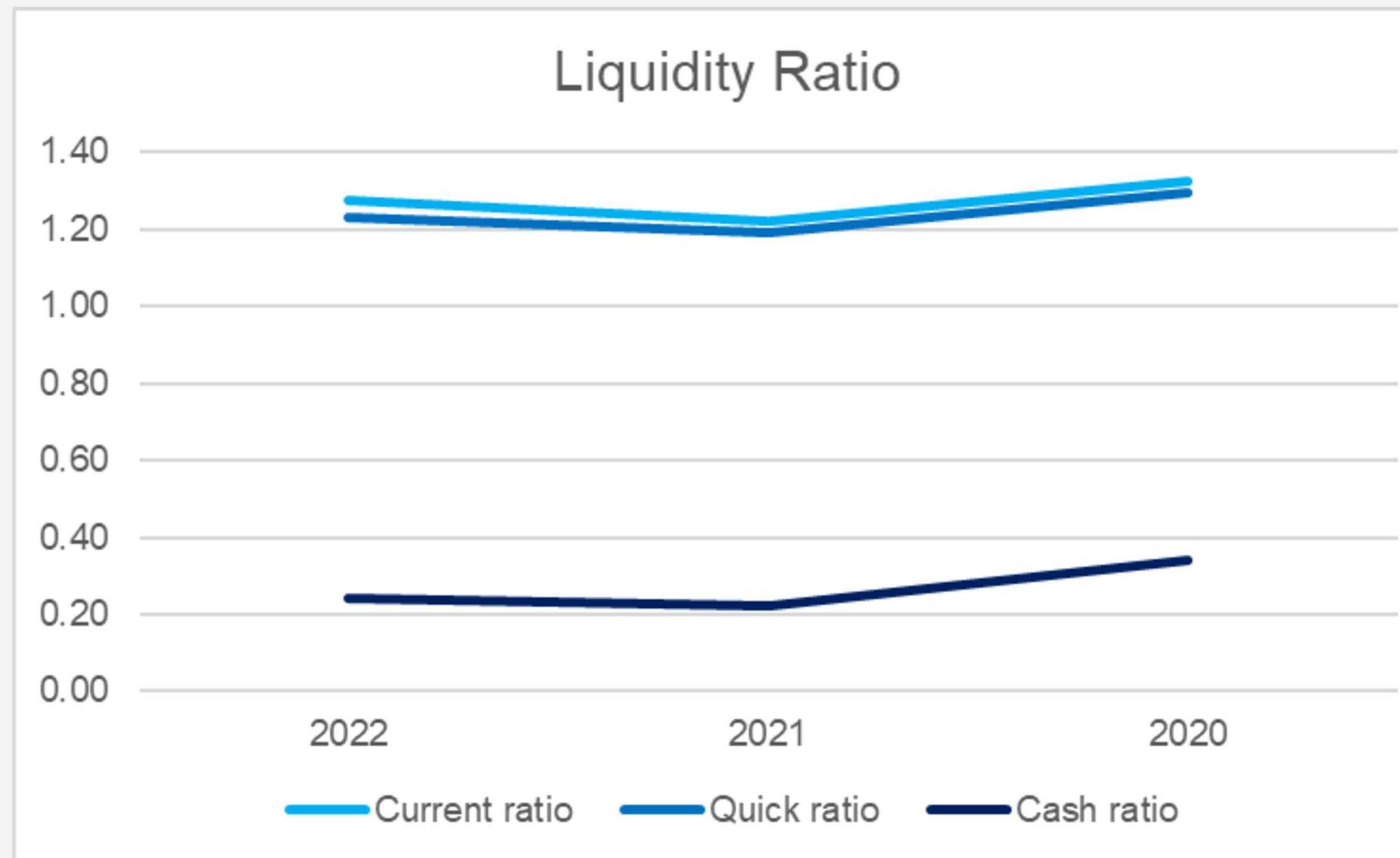


ACTIVITY RATIO TREND ANALYSIS



- The fact that receivables turnover has increased consistently means PayPal is working hard to **extend** credits to its customers.
- The company still has been more effective to generate sales

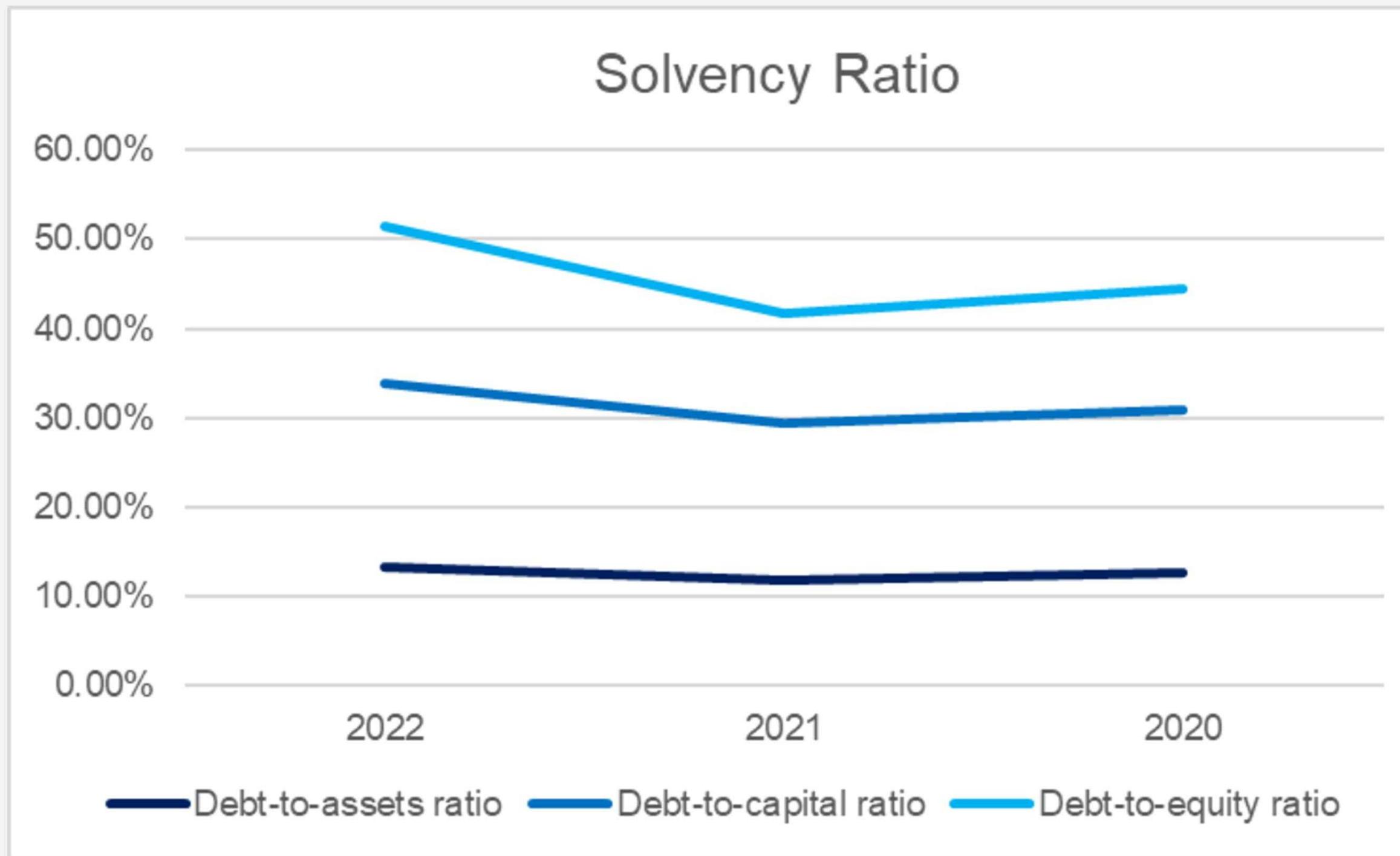
LIQUIDITY RATIO TREND ANALYSIS



Paypal do not have enough sufficient cash to **cover** their short-term

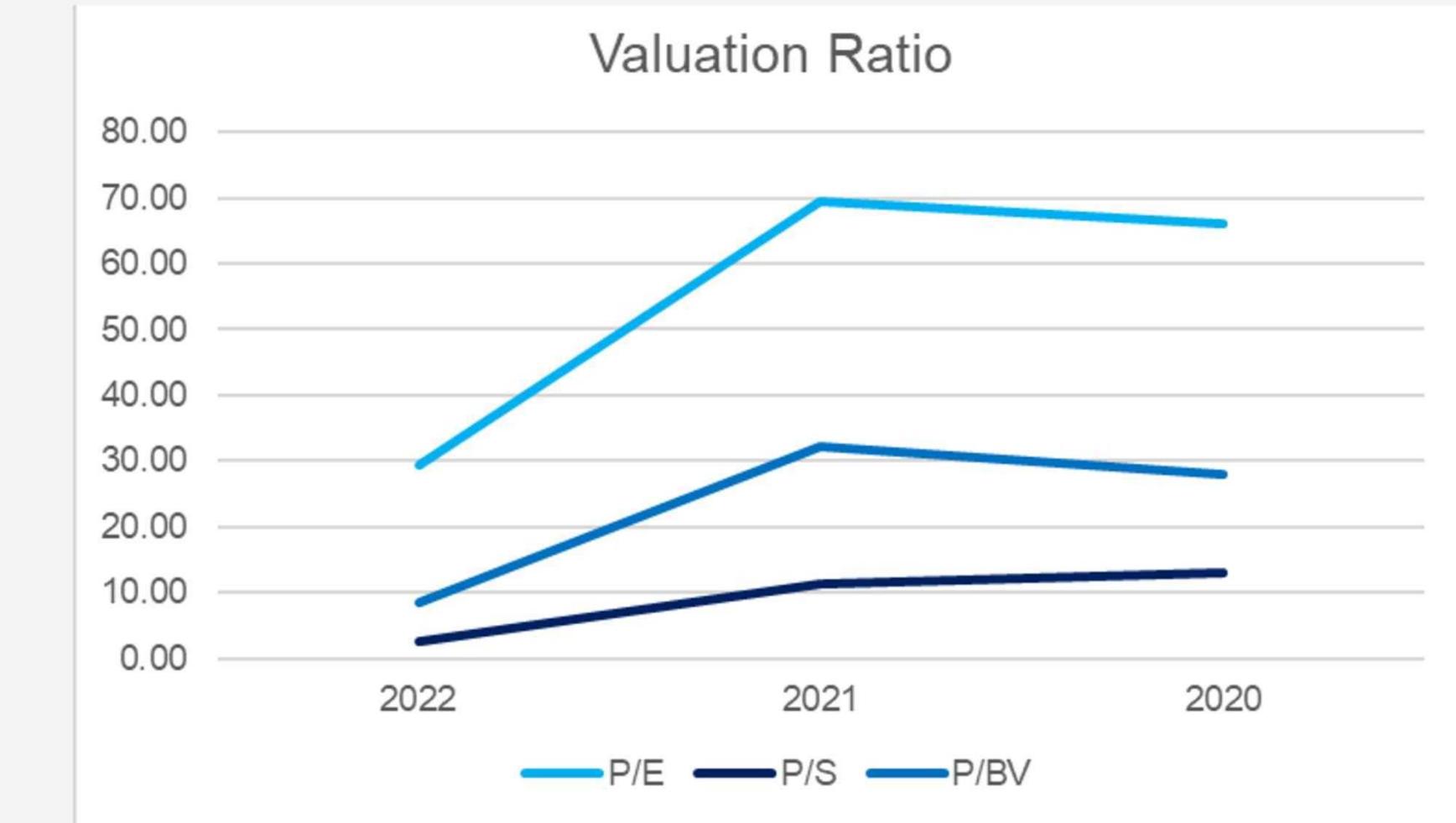
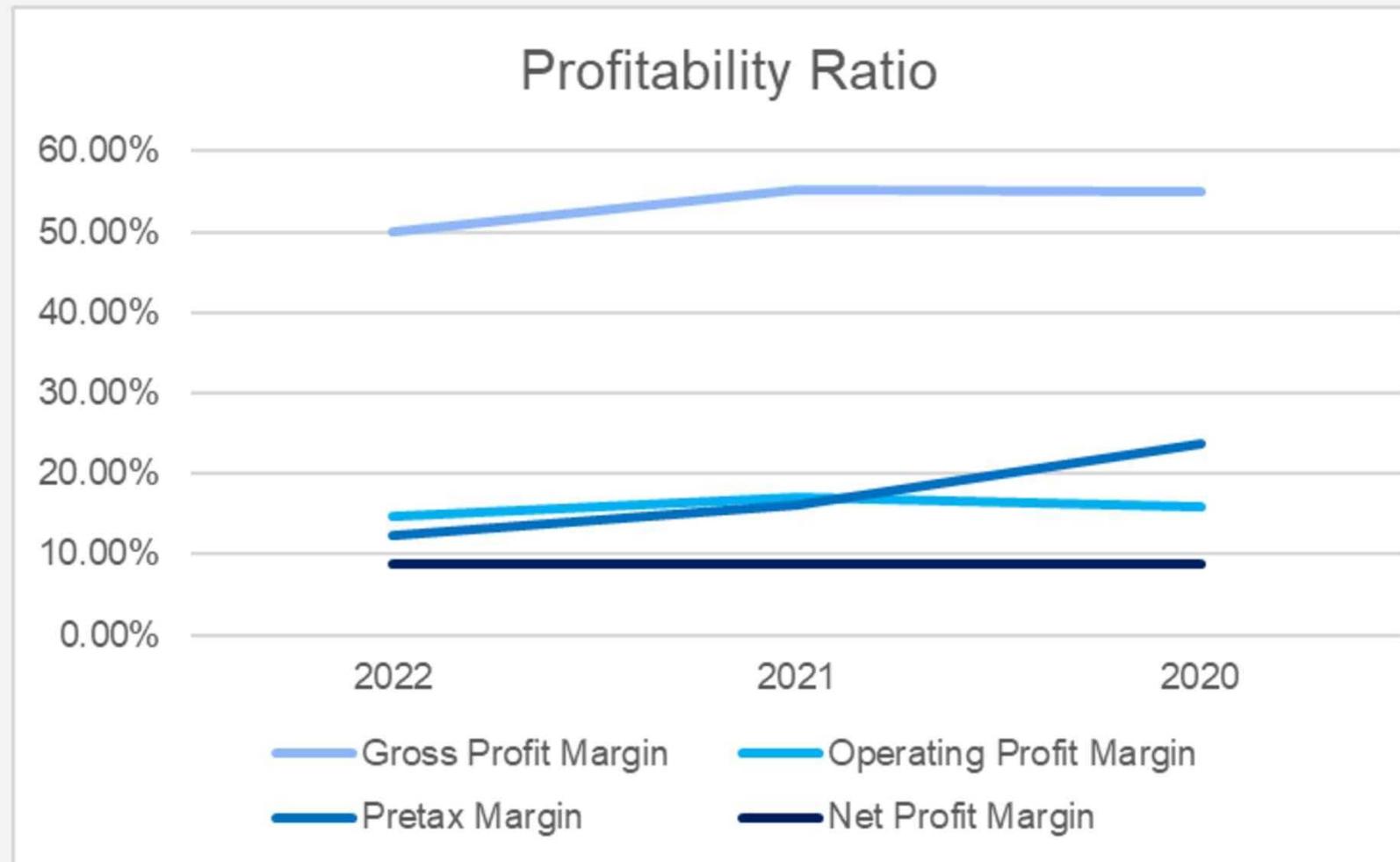
Therefore, can restrict its **flexibility** and **chances** for expansion or investment

SOLVENCY RATIO TREND ANALYSIS



2022 shows that
PayPal is more
dependent on debt
and hard to meet its
long-term obligations.

PROFITABILITY & VALUATION RATIO TREND ANALYSIS

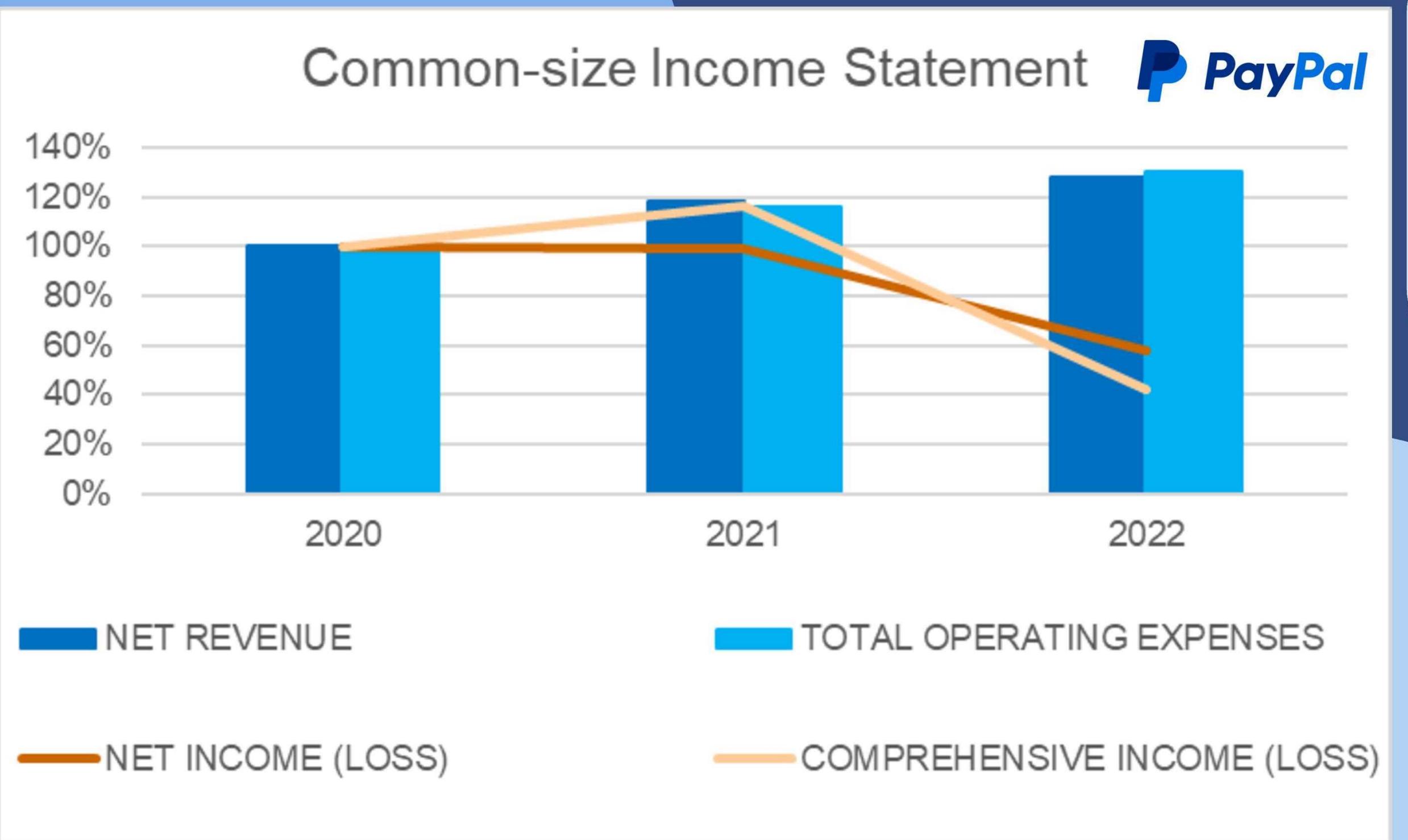


Paypal's profitability from 2020 to 2022 showed **strong revenue growth** but a **decline in net income and profitability** ratio as well.

PayPal has a **strategic advantage** over rivals, a solid financial position, or an **untapped growth potential**

COMMON-SIZE INCOME STATEMENT

TREND ANALYSIS



Symptoms:

- the declining in net income mainly due to the effect of **unusual items** and higher **operating expenses**.
- The 2022 results demonstrate that Paypal is making ongoing progress to **optimize** the cost structure while continuing to invest in **high-conviction** initiatives

IMPROVEMENT

- cutting its **cost** and recalibrating resources to focus on core strategic priorities.
- expand** services and with new product launches and customer experience

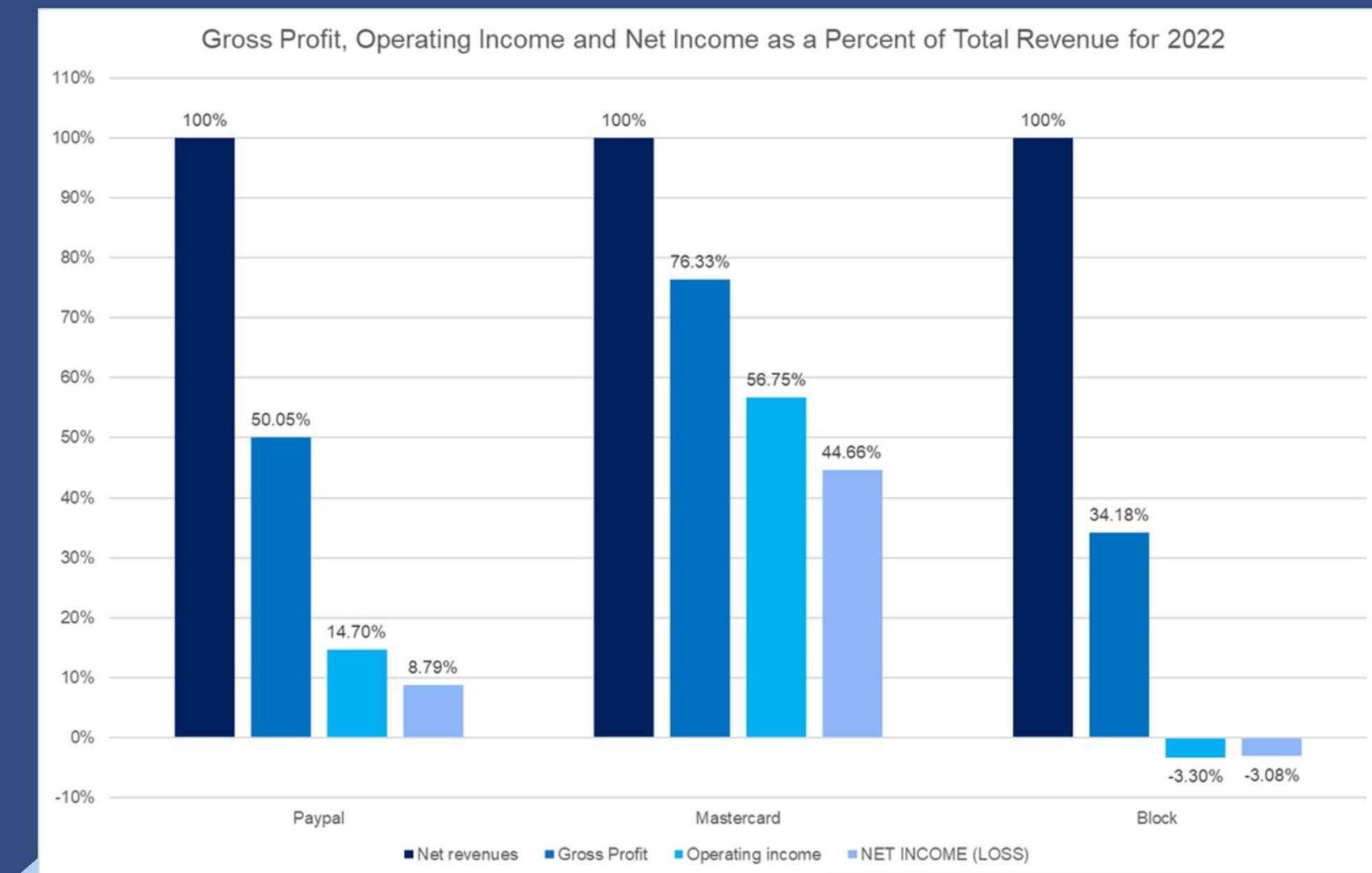
COMMON-SIZE INCOME STATEMENT

CROSS-SECTIONAL ANALYSIS



Symptoms:

- Paypal's **steady** growth in COGS can be attributed to rising input costs – including raw materials and labor to expand its international segments.
- The proportion of **Paypal's operating income** is about 4.5 times less than Mastercard but equal to the decline of Gross Profit of Block.



	2022		
	Paypal	Mastercard	Block
Total revenues	27,518,000	22,237,000	17,531,587
Gross Profit	13,773,000	16,974,000	5,991,892
Operating income	4,044,000	12,620,000	-577,961
Income before income taxes	3,366,000	11,732,000	-565,317
NET INCOME (LOSS)	2,419,000	9,930,000	-540,747

Improvement:

- PayPal should **optimize** its cost structure and efficiency, by reducing unnecessary costs, streamlining operations and leveraging its scale.

COMMON-SIZE BALANCE SHEET

CROSS-SECTIONAL ANALYSIS

	PayPal	Mastercard	Block Inc
Assets			
Cash	14%	19%	28%
Receivables	57%	9%	15%
Inventory	0%	0%	0%
Fixed Assets	17%	35%	47%
Investments	6%	0%	2%
Other Assets	6%	37%	8%
Total assets	100%	100%	100%
Liabilities			
Payables And Accrued Expenses	57%	28%	23%
Current Debt/ Obligation	0%	1%	2%
Long Term Debt/ Obligation	13%	36%	14%
Non Current Deferred Liabilities	4%	1%	0%
Other liabilities			6%
Total liabilities	74%	84%	45%
Equity			
Stockholder's equity	26%	16%	55%
Minority Interest	0%	0%	0%
Total equity	26%	16%	55%

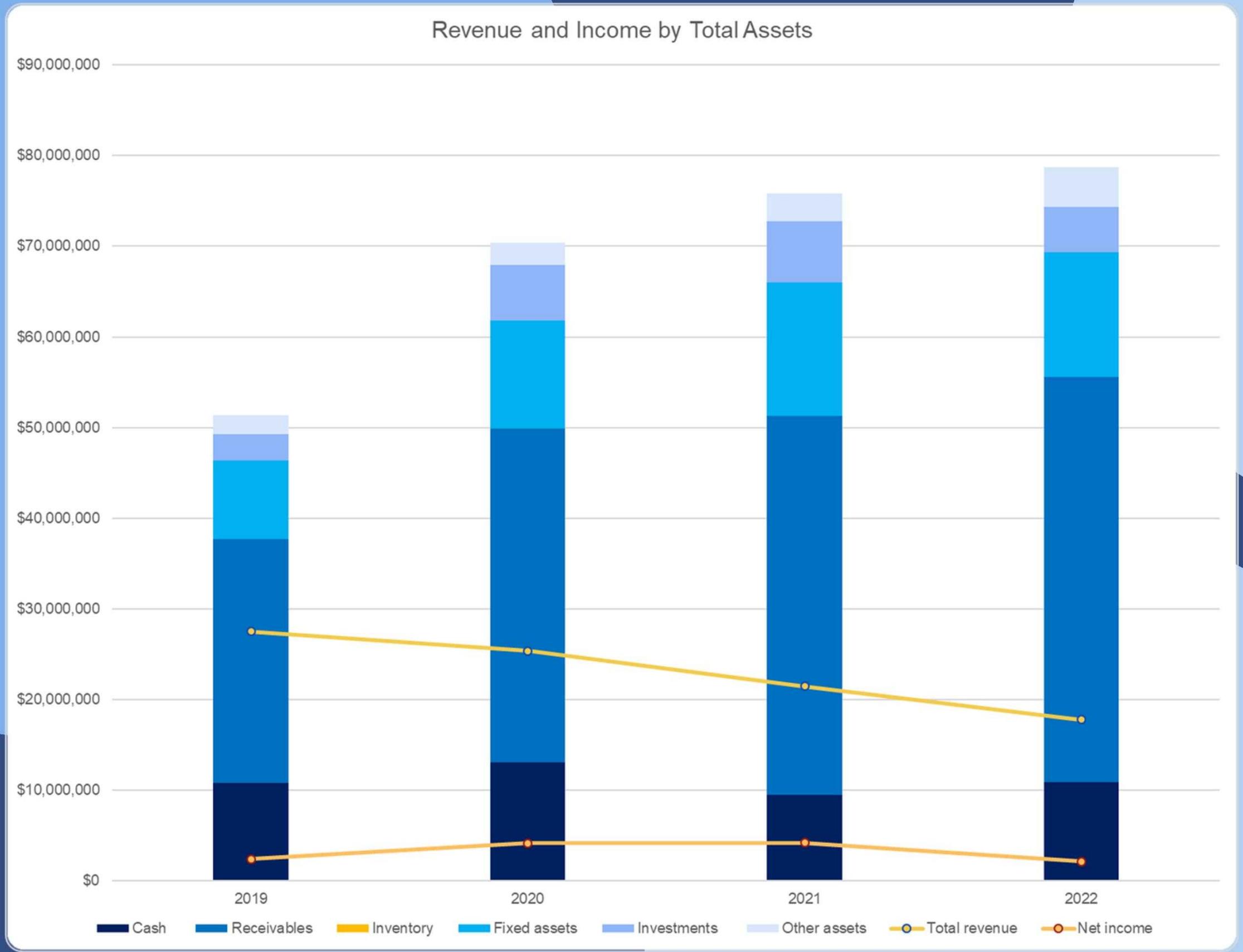
Symptoms

- Mastercard's liabilities accounted for the largest percentage compared to 74% of Paypal and 45% of Block Inc. Paypal's D/E tends to be below 2 that can be considered really safe.
- Block' s Asset to Equity ratio are still very excellent when they are below 2 while Paypal and Mastercard's ratios are still risky.

Recommendations

- Paypal should try to reduce their liabilities to maintain D/E below 2 (ideal).
- Paypal are advisory to reduce their Asset to Equity ratio.

OVERALL PERFORMANCE



Symptoms:

- PayPal has been investing in growth and expansion.
- PayPal has faced increased competition or other challenges.

Recommendations:

- Investigate the reasons: reduce expenses, improve efficiency, explore new growth opportunities.
- Ensure long-term profitability and sustainability by monitoring financial performance, adjustments.





RECOMMENDATION

- Cutting its cost and recalibrating resources to focus on core strategic priorities.
- Expanding services and with new product launches and customer experience
- Paypal should try to reduce their liabilities to maintain D/E below 2 (ideal).
- PayPal should optimize its cost structure and efficiency, by reducing unnecessary costs, streamlining operations and leveraging its scale.
- Investigate the reasons: reduce expenses, improve efficiency, explore new growth opportunities.
- Ensure long-term profitability and sustainability by monitoring financial performance, adjustments.





**THANK YOU
FOR
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