Does Anyone Use Paypal Anymore?

By winkler · February 3, 2026

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PYPL$56.15+0.27%

The Stock

1. 17.5% Pre-Market Gap Down
2. 20%+ trending down most of morning, finding bottom now
3. The stock is now trading at levels not seen since the **2017/2018 era**
4. effectively erasing the entire "COVID-era" growth story.

Implied Doom

1. The market is pricing PayPal as if it will **shrink by 9% every year** for the next decade.
2. Reality:
3. **Branded Checkout** Total payment value (TPV) **TPV grew only 1%**.
4. This is PayPal’s crown jewel, and it’s basically flat.
5. With overall e-commerce growing much faster than 1%, this slide is visual proof that Apple Pay and Google Pay are "eating PayPal's lunch."
6. Guidance for 2026 calls for a **mid-single-digit decline in EPS**
7. Transaction margin dollars are expected to be flat-to-down as high-margin branded volume is replaced by low-margin unbranded processing (Braintree).
8. PayPal is losing a "free" profit stream as lower interest rates reduce the money they make on customer balances.
9. At HP, he famously turned printers into a subscription service (Instant Ink).
10. Expect him to try to "lock in" PayPal users with similar recurring models.

New CEO - Enrique Lores

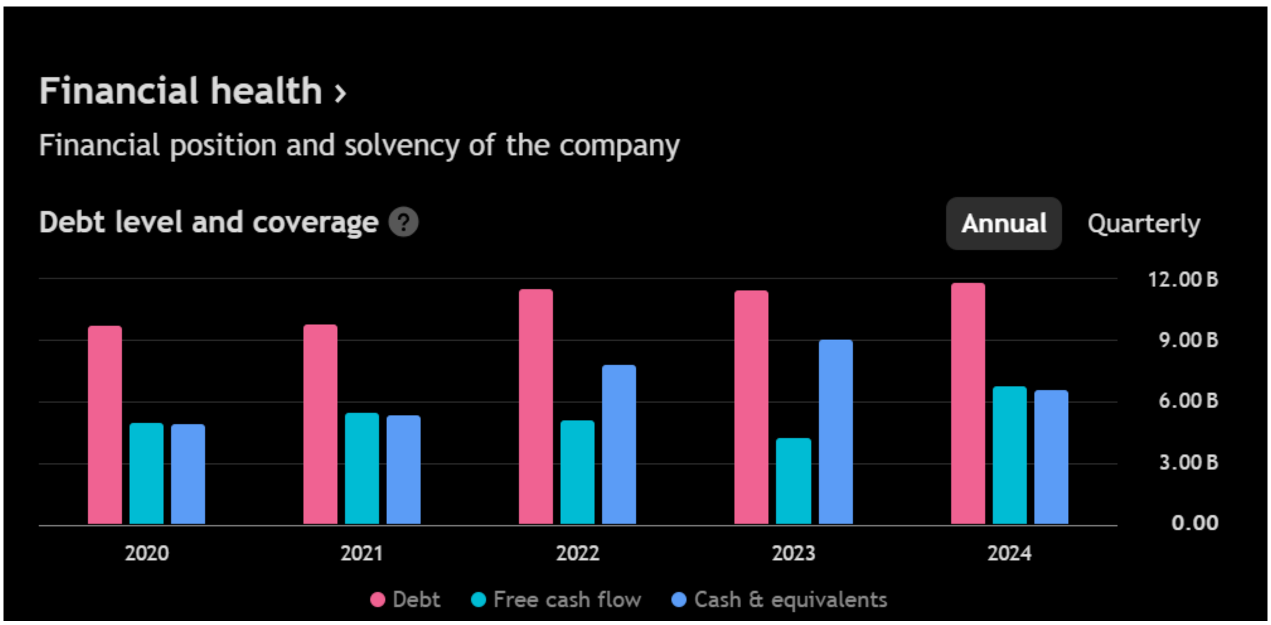
1. Enrique Lores isn't a "Silicon Valley Visionary"; he is an **HP veteran** who knows how to cut costs and run a legacy business for cash.
2. Replacing James Chriss was was more of Product guy, made good progress on different products but was all too slow for the board
3. Jamie Miller Interim CEO:
4. “In 2025, PayPal delivered solid performance across multiple areas of the business. We grew revenue, transaction margin dollars, and earnings per share, underscoring the strength of our increasingly diversified platform. At the same time, our execution has not been where it needs to be, particularly in branded checkout. As announced today, the Board’s appointment of Enrique Lores as PayPal’s next President and CEO reflects a clear commitment to strengthening execution, innovation, and results. We are fully aligned on the path forward as PayPal enters its next chapter of growth.”

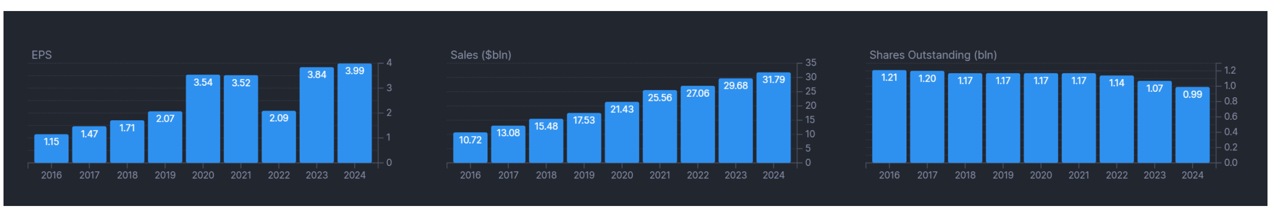
5. Having served as **Board Chair**, Lores already knows where the "bodies are buried" and which departments are failing to execute.

The "Floor"

1. The company is planning **$6 billion in share buybacks** in 2026. At this crashed stock price, they could theoretically buy back ~12-15% of the entire company in one year.
2. +1% dividend
3. At $43, PayPal trades at **~8x forward earnings**.
4. For context, the average S&P 500 company trades at 21x.
5. $5B in cash and $6B FCF (4Q'25 $2.1)
6. This company is making more money than pre-covid but it's valued much less.
7. Pains of turning into a "value" stock from "growth stock"
8. Any good news can rally this stock.
9. No solvency risk:

10. 
Growth and Profitability ›
Company's recent performance and margins
Performance
Annual
Quarterly
20.5%
17.5%
14.5%
11.5%
8.5%
32.00 B
24.00 B
16.00 B
8.00 B
0.00
2020
2021
2022
2023
2024
Revenue
Net income
Net margin %


Financial health ›
Financial position and solvency of the company
Debt level and coverage
Annual
Quarterly
12.00 B
9.00 B
6.00 B
3.00 B
0.00
2020
2021
2022
2023
2024
Debt
Free cash flow
Cash & equivalents

11. 
EPS
1.15
1.47
1.71
2.07
3.54
3.52
2.09
3.84
3.99
2016
2017
2018
2019
2020
2021
2022
2023
2024
Sales ($bln)
10.72
13.08
15.48
17.53
21.43
25.56
27.06
29.68
31.79
Shares Outstanding (bln)
1.21
1.20
1.17
1.17
1.17
1.17
1.14
1.07
0.99

Peak Fear?

1. Priced in all bad news, potential market overreaction