

EBay's PayPal envisions doubling in size by 2011

March 11 2009, By RACHEL METZ , AP Technology Writer

(AP) -- EBay Inc.'s name may conjure images of online auctions, but the company is hoping to turn attention to its second-largest business - PayPal - which it expects to blossom significantly in the next few years.

That could be a welcome boost for eBay, which posted drops in [revenue](#) and profit in the last quarter and has seen its stock lose 80 percent of its value since late 2004.

Speaking Wednesday during a day of briefings for analysts, [PayPal](#) President Scott Thompson said the service should double in size in the next three years, processing between \$100 billion and \$120 billion in annual payments by 2011.

PayPal, which has 70 million active user accounts, processed \$60 billion in transactions in 2008. It runs local sites in 17 languages and accepts 19 currencies for transactions.

PayPal, which takes a cut of transactions, reported \$2.4 billion in 2008 revenue, while eBay as a whole had revenue of \$8.5 billion. The projected increase in PayPal's volume would translate into \$4 billion to \$5 billion in revenue in 2011, Thompson said.

PayPal plans to do this by continuing to grow on eBay itself and by increasing the service's use among [merchants](#) that are not part of eBay. PayPal wants to handle more mobile transactions and payments for businesses like banks, non-profits and online social networks.

"It doesn't matter where you go online today; almost everybody needs a fast, secure way to pay for something," Thompson said.

PayPal is still combining its operations with Bill Me Later, a company eBay bought in October that lets online retailers extend credit to [shoppers](#) without requiring detailed application forms. This will let people choose to pay for purchases immediately through PayPal or be billed at a later date through Bill Me Later.

EBay shares were up 31 cents, 2.8 percent, at \$11.41 in afternoon trading.

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Citation: EBay's PayPal envisions doubling in size by 2011 (2009, March 11) retrieved 25 April 2024 from <https://phys.org/news/2009-03-ebay-paypal-envisions-size.html>

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