

PayPal Leaves Libra and Makes Headway in China

AMERICA, October 21, 2019
/EINPresswire.com/ -- PayPal left the Libra Association, and we do not know if the company will ever come back to the Libra association.

The company noted its departure last week due to a need to focus on core operations, which would move the company forward in the payments industry. PayPal commented that it decided to forgo further participation" in the controversial project.



The payments giant will seek to "continue to focus on advancing our existing mission and business priorities as we strive to democratize access to financial services for underserved populations."

The company further noted:

"We remain supportive of Libra's aspirations and look forward to continued dialogue on ways to work together in the future. Facebook has been a longstanding and valued strategic partner to PayPal, and we will continue to partner with and support Facebook in various capacities."

This event certainly makes a lot of sense as PayPal has much going on at the current moment. While Facebook's aspirations are quite grand and has the support of several leading entities in finance, transportation, general technology, problems still persist.

Each partner must focus on core operations while contributing to the association.

Let's take a look at the main reason why PayPal might have left the association for now and seek to understand this substantial event.

Facebook's Libra Controversy

PayPal must focus on keeping its stronghold in the payments sector while building and growing its base of users, partnerships, while also innovating. It might be easy to talk about, but it is undoubtedly hard to do. Established players like PayPal must continue to stay in line with financial regulations across boundaries, stay fully compliant, and work with regulators when deploying new products.

Conversely, its affiliation with Libra might not have been the best one if it is one that would continue to draw the ire of regulators across the world. Further, PayPal would have to consider its other second-order effects of aligning with Libra, effects that might not be in line with its aspirations for stability and growth.

Regulators continue to push back on Libra and show no signs of letting up on helping the project move along.

Facebook knew from the get-go that building Libra would be difficult and has reiterated its thoughts on the matter.

A communications representative from the company stated:

"Building a modern, low-friction, high-security payment network that can empower billions of financially underserved people is a journey, not a destination. This journey to build a generational payment network like the Libra project is not an easy path."

Indeed, it is undoubtedly a difficult one that will require more knowledge, more talks with regulators, and more alliances with other potential stakeholders across the world.

The representative, Disparte, noted:

"We recognize that change is hard and that each organization that started this journey will have to make its own assessment of risks and rewards of being committed to seeing through the change that Libra promises. We look forward to the first Libra Council meeting in 10 days and will be sharing updates following that, including details of the 1,500 entities that have indicated enthusiastic interest to participate."

Disparte is right. Each organization must consider how they want to move forward at the current stage. The road to Libra will be a bumpy one but should be one that comes with many different benefits for the corporations involved in the ordeal.

Meanwhile, PayPal has other initiatives to deal with in the payments sector.

PayPal Investor Confidence and Recent Initiatives

PayPal's stock has continued to inch higher over five years. PayPal stock price started at around \$34.00 in June 2015 and has climbed to \$120 before taking a sharp dive to \$102, where it rests at the time of this writing.

By all accounts, investors of the stock should be relatively happy.

The stock has done well over the long haul. But investor confidence has waned slightly. This is undoubtedly surprising as the company continues to post substantial earnings figures and grow its base of affiliations and partnerships to help propel it to new heights.

The fintech company has a wide variety of subsidiaries that include Venmo, Braintree, Xoom, Tradera, Simility, Swift financial, and others.

Revenues are up as of the last quarter, net profit margins look healthy, and cash on hand has gone up substantially.

The company might face some hurdles in a recession, but even then, its cash flows should stay relatively stable.

Why?

The company provides merchants and consumers with simplicity, safety, and support. PayPal, acting as an intermediary, provides both parties with a way to send and receive payments across the globe.

PayPal is sure to grow with the rise of the e-commerce industry, one that is still in its early stages.

Finally, PayPal just entered the new land of opportunity, China. The fintech firm just acquired a 70% stake in a payment's processor called GoPay. As such, PayPal will be the largest holder of GoPay and allow it to set a precedent in the payments sector. By seizing this opportunity, we can see that PayPal has set itself up for growth within a rapidly growing Asian market.

Of course, China won't be a walk in the park. It has to deal with competitors like Alibaba and

Tencent, as well.

Its current CEO noted:

"We are honored to become the first foreign payment platform to be licensed to provide online payment services in China. We look forward to partnering with China's financial institutions and technology platforms, providing a more comprehensive set of payment solutions to businesses and consumers, both in China and globally."

This event provides PayPal with the ability to expand and potentially have higher leverage over fast-growing competitors like Square, who've found massive success with its several applications.

Online payments in China will continue to grow at a rapid clip, further, we know that the country has experienced substantial growth over the past decade, with its online payment market being more than \$150 million in value.

The ZB Group Take

Incentives matter to existing companies within the financial industry. Many have different core operations and must attend to those and be beholden to their shareholders; PayPal is one of these corporations.

The firm has accomplished much over two decades and is expected to do much more over the next few decades.

Incentives and designs matter within the cryptocurrency sector.

PayPal will refine and improve its core operations as it seeks to capture its slice of the Chinese payments market.

It is hard to continue traditional operations and focus in hypercompetitive environments while also seeking to enter new ones.

We expect to see more interesting events in the payments sector and will be watching closely.

About ZB Group

ZB Group was founded in 2012 with the goal of providing leadership to the blockchain development space and today manages a network that includes digital assets exchanges, wallets, capital ventures, research institutes, and media. The Group's flagship platform is ZB.com, the industry leading digital asset exchange. The platform launched in early 2013 and boasts one of the world's largest trading communities.

ZB Group also includes ZBG the innovative crypto trading platform, and BW.com, the world's first mining-pool based exchange. Other holdings include wallet leader BitBank, as well as exchange brands ZBM, ZBX and Korea's Bithi.

Industry intelligence and standards are headed by the recently launched ZB Nexus who embody the core values of ZB Group and open source their reports and analysis for the public.

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