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Operator: This call is not for media representatives or Banc of America Merrill Lynch investment bankers or commercial bankers including corporate and commercial FX. All such individuals are instructed to disconnect now.

Good day and welcome to the PayPal 4th Quarter 2018 Post Earnings conference call. Today's call is being recorded. And I would now like to turn the call over to Jason Kupferberg. Please go ahead.

Jason Kupferberg: Thank you and good afternoon everybody; appreciate you joining us. I'm Jason Kupferberg, the Payments Analyst at Banc of America/Merrill Lynch. We're very pleased to be hosting the quarterly Post Earnings Call-Back today with PayPal. We have John Rainey, CFO, on the line as well as the PayPal IR team. So, thank you guys for the opportunity.

John Rainey: Thanks Jason; appreciate it and looking forward to.

Jason Kupferberg: Okay great. Well, you know - a few moving parts here this quarter and we did have a whole bunch of questions logged into us - so I'm going to kind of go through these - and hopefully get through as much content as possible. Maybe just to start - if you can provide a little bit of clarification. Within the Q4 numbers there was obviously some non-operating gains in there, and you had previewed that a bit on the Q3 call - it ended up translating into some higher non-transaction related expense in the quarter than maybe some people had remembered would be coming. So, if you can just clarify exactly what the gains were - how you chose to spend them -

and then, you know, whether or not there is anything we need to think about going forward with respect to either, you know, elevated non-transaction related expenses or non-operating gains.

John Rainey: Sure Jason. First, I would just say the fourth quarter really capped what we thought was a good year for us. We saw 21% revenue growth when you adjust for asset light. We grew earnings per share by 26%. We had a record quarter for net new actives and capped off a record year where we had almost 40 million net new actives come to our platform in the year. And then of course very importantly, we completed the sale of our U.S. consumer credit receivables portfolio for \$6.5 billion dollars in cash proceeds and put a similar amount of capital to work either through share buyback or acquisitions.

But to your point, we did indicate that we were going to have a larger than normal benefit in other operating income in the fourth quarter and just for context, the accounting rules have changed this year such that when minority investments -- previously held under the cost method -- have some type of valuation round, we have to mark those to market. And it was such for us that we had \$55 million dollars of gains in the fourth quarter. And we knew about some of that going into the quarter. And rather than let that fall entirely to the bottom line we gave an indication on our third quarter call that we wanted to spend into that and make some sound investments for our business. And you see some of that in the net new active number in fact.

But, you know, had it not been for that more -- or said differently - had those market-to-market gains not occurred, we certainly would have curtailed our spending more in the quarter, but we felt the right thing for the long-term growth of the company was to spend into it.

Jason Kupferberg: Okay. So really, it's kind of a one-off situation.

John Rainey: Correct.

Jason Kupferberg: Okay. So, let's pick up on that point around the net new adds. I mean, organically you were at 10.9 million in Q4 which was a huge number relative to what the recent run rate has looked like. And you talked about core PayPal still being a main driver in there – and obviously Venmo is contributing also – but it would be great if you could help us drill into the geographic mix a bit. You know, which countries are really driving the bulk of the growth. I know you talked about India, for example, as, you know, an exciting long-term opportunity where you're getting some traction – so, you know, a little more context on the actual source of the venue would be great.

John Rainey: Sure. Well, I think to start with is just a general with two exceptions I'll talk about. The composition of our net new actives pretty much represents where our footprint is. And so, we don't see outsized growth in one region versus the other with two exceptions. One is obviously Venmo which is just U.S. And while the majority of our net new actives came just through PayPal core, Venmo is in second there in terms of the contribution.

The second area that I point to which is different from what we've seen in prior years is the benefit from India as we've launched organic efforts in India that had larger than normal contribution to our net new actives in the quarter and we are pleased about how that's coming along.

Jason Kupferberg: Okay. So, if you look at the net new actives that came on in 2018 and think about just the expected lifetime value of them versus the cohort that would have come on, you know, in 2017 or 2016 for that matter - is there any difference in that? In other words, if you're adding disproportionate amount of users, let's say in India - you know, are you thinking about the lifetime value of those users any differently than say in, you know, in a new U.S. user?

John Rainey: Sure. So, we spend a tremendous amount of time and effort really looking at the lifetime value - and even the cost of acquisitions of each of our cohorts. So, this is an area that we have a lot of rigor in. And what we see - and again, there's an exception to this which I'll point out - but the new cohorts that are coming on have a higher lifetime value and that's really driven by the fact

that they tend to be more engaged. And I think in part because of maybe the network effect of our business - we're just more relevant in more places and there's more opportunities to use us - and so we see a higher lifetime value.

The exception to that would be India. India tends to be at the lower end of the spectrum. And perhaps that changes over time, but again I think it's - we have less of a presence in India. It's more of a nascent development for us. And so, over time as we have more merchants on board there, we get - you know, more market penetration and we would expect that to change - but right now India has a lower CLV (customer lifetime value) than the rest of our business.

Jason Kupferberg: Understood. Let's maybe switch gears over to Venmo. That was again a highlight in Q4. You did give us a new disclosure that Venmo exited 2018 with an annualized revenue run rate over \$200 million. Where should we think about the range of that being exiting 2019 just given traction you're getting with, you know, each of the legs of the monetization stool?

John Rainey: Well, we're not going to provide a number for the exit for 2019 but, you know, we continue to see tremendous growth there. In fact, we've seen an acceleration in growth in certain parts- to some of the monetization activities. But, you know, we've been asked to provide more disclosures around Venmo. And, you know, I don't want to segment report the various parts of our business, but we thought that this was a good addition in the quarter to give some color to how Venmo is progressing. And I think very importantly, when we look at the composition of how we're monetizing Venmo - certainly early on, the majority of this was through what we refer to as OCT, which is the payment for instant withdrawal. And we talked back in our last call that we saw a billion dollars in volume just in September alone. And that's continuing to perform very well.

What's changed is that we're seeing rapid growth in the other two areas of monetization which is actually paying with Venmo at merchants -- and also the card use. And so, very pleased with that. And they represent half of what that \$200 million is today.

Jason Kupferberg: Between those two, can you tell us which one is larger right now -- the pay with Venmo versus the card?

John Rainey: Sure. They're split pretty equally. The card is a little bit higher than pay with Venmo at this point. But again, I would expect if you were to think about all three of those in order - OCT being the largest - the card being the next largest - and then Pay with Venmo being third - ultimately that would be completely flipped...

Jason Kupferberg: Yes.

John Rainey: ...where the majority of the monetization would come to Pay with Venmo.

Jason Kupferberg: Right. And then if we think about just the relative transaction margin that each of those three carry, I guess we would think pay with Venmo may be especially high. Is that a valid assumption?

John Rainey: Well, pay with Venmo is effectively going to be the same take-rate - as what we have with PayPal. So, we don't have a separate agreement with each of the merchants for PayPal and Venmo. It's under one...

Jason Kupferberg: Right.

John Rainey: ...blanket. Although the transaction costs seem to be lower with Venmo. But if we're just looking at transaction margin of all of those - OCT is the highest and should remain that way. The instant...

Jason Kupferberg: Okay.

John Rainey: ... withdrawal.

Jason Kupferberg: Okay. Interesting. So, I know that on the call you indicated that Venmo is not yet breakeven, but I think you had said that the goal is within sight - if I have the words right. I mean, is this a realistic scenario in 2020?

John Rainey: You know, we have a lot of opportunities to try to get that to break even or even, you know, further put our foot down the accelerator with profitability. But our priority right now to be very clear is growth. And, I feel like we have a little bit of a luxury to make sure that given the financial architecture that we have - and the fact that our core business is performing so well - we can make the right investments to maximize this opportunity in the long term. And so - I don't want to be specific about any quarter or year in terms of when we expect this to happen - line of sight, though, has been certainly the medium term outlook that we talk about - but again, I think that the best thing for PayPal long term is to make sure that we get the growth that we aspire to in this area.

And again, as long as we're growing the margins in our business and making these sound investments for the long term, I think we have the luxury to do that.

Jason Kupferberg: Fair enough. Let's switch gears over to the outlook for 2019. It did seem like the tone on the overall global macro backdrop down to some extent this quarter - is that because of incremental weakness that you're actually observing in parts of your business, or is it more of a cautionary note that you are braced for some potential slowing in certain areas? Kind of putting eBay aside - we'll come to that separately.

John Rainey: It's probably some of both.

Jason Kupferberg: Okay.

John Rainey: It's hard I think for any company today to, you know, turn on CNBC or pick up the Wall Street Journal and, you know, not be a little cautious about what they see out there. The - whether it's, you know, the UK and Brexit or China. And so, I think - my sense is companies are, you know, being a little cautious perhaps as a general rule. But we also do it to be clear - we see some impact in our business. We saw it in the fourth quarter. We see it right now. Growth is not as strong in certain regions as it was a year ago. So, certainly that influences it as well.

Jason Kupferberg: Can you go into that a little bit deeper and maybe talk about, you know, maybe this is where we segue a little bit into cross border - but just kind of digging into, you know, where some of the slowdown has made itself evident.

John Rainey: Sure. Well, in no particular order - China is one where we see that, you know, there's less growth and I think there are trade tensions. And, you know, I was in China fairly recently - and certainly there is maybe a level of concern there that we haven't seen in some period of time. They've been in such hyper growth mode for so long. And so, with that level of concern, I think merchants may be are being a little more guarded about the marketing dollars that they're spending on certain campaigns and things like that. And that has an impact to business for sure. That's an area.

I think that the UK consumer, just in general, is - that's just weaker than it was at this point in time last year. So those are two that stand out. But I think for our business where we do - you know, a significant amount of volume cross border - one of the main things that impacts that are currency changes. And, you know, we've seen the dollar strengthen against a basket of currencies. But, you know, one that stood out for me in the quarter was the Australian dollar.

As you know, Australia is a country where we have a very large penetration into the digital users there. And as the dollar strengthened by around 7 % - that certainly has an impact in terms of

cross quarter volumes. So, an Australian consumer now after purchasing something from a U.S. merchant that's 7% more expensive. And the way that we account for that is that the country that is on the receiving end of that were the revenues recognized. So, in the example what I provided with an Australian consumer buying from a U.S. customer - that's cross border - but that's U.S. revenue. And so, we certainly see an impact to our business from that.

Jason Kupferberg: Okay. Yes, that helps to explain why there was a decel in the U.S. revenue growth. So, since you mentioned cross border, let me just come to that maybe - and if you think about where you exited the year - I think it was 14% in constant currency - are you assuming some amount of gradual recovery in that metric in your 2019 guidance?

John Rainey: Not in the first half of the year. The first half of the year we expect to be pretty consistent with this. We will get to the back half of the year - comps get a little bit easier in certain cases. We also have initiatives that we're embarking on that are specific to PayPal - will give us some growth opportunities as well.

Jason Kupferberg: Can you take price at all on cross border to help offset some of the volume ((inaudible))?  
I know you had done that a couple of years ago.

John Rainey: You can but - you know, that's something that - I've probably overused this term - but I describe it as a little bit of sugar high sometimes.

Jason Kupferberg: Yes.

John Rainey: But, you know, it feels good right when it's happening but when you come off of it, not so great. And so, when we price, we really do it to maximize long term value. It's not something that we're going to manipulate prices to drive an outcome one quarter to the next. We really try to price to where we're providing value to our consumers and merchants. And so, that is definitely a lever.

And is one that is - you know, when you look at the elasticity there, it's pretty reliable in the short term. But in the long term, you know, the cure for high prices is high prices- and if you price too high, you're just inviting competition to come in.

Jason Kupferberg: Right. Okay. So, if we come back to the 2019 top line outlook - 16% to 17% - and then if we adjust for Synchrony and acquisitions - I think it would be more like 18% to 19%. And on that same basis, you did about 21% in 2018. So, let's just talk about what some of the drivers are being implied in the—deceleration are, presumably eBay's a part of it - but wanted to get your perspective, understanding that you guys have had a track record of setting your initial guidance at very achievable levels.

John Rainey: Yes. So, the number you quoted excluded acquisitions, but I think that's an important point to mention. Certainly, eBay is part of it, but - you know, we're a company that has been growing revenue just -- let's say sort of nice round numbers here - on average 20% a year - and you do get into a situation where the law of large numbers begin to impact you. But I think that's something about us that is different from a lot of companies like us is that, not only are we growing revenue at that rate but we're generating free cash flow margins at that rate as well.

And I bring that up because it allows us to take that cash flow and then go and invest and grow. And some of that does come through the form of acquisitions. And so that has been a tool that we've had to keep that level of growth rate up in that same range of 20% - is to be able to go out and acquire companies and capabilities that enable us to continue to do that. And that's - again - to us, I think, somewhat unique because of the cash flow margins that we have and that provides us a luxury that many others don't.

Jason Kupferberg: Okay, fair enough. I mean - I guess relative to when you had given us the preliminary guide for '19 in October, you had talked about doing about 17% revenue growth. So, it's essentially

the same now. Yet, it does seem like you are absorbing more headwinds from eBay and from Cross Border than you would have envisioned back three months ago. Is that fair?

John Rainey: That is fair. And I'm glad you asked the question because I want to put a finer point on that. The guidance that we gave yesterday relative to the guidance that we gave in October, it's exactly in line as the way that we think about it.

We have absorbed some headwinds but we've also - you know, uncovered some things that we think are opportunities for us. And it enables us to absorb those headwinds - eBay being one - and I know we'll talk about that. But, it's not a change in guidance at all. You know, when we first give that initial kind of head nod in terms of what we're thinking about in 2019 guidance, we tend to do that in broader ranges. And that's 17-ish percent guidance that we gave.

Jason Kupferberg: Yes, okay. That's helpful. Just one other one on 2019. We've had some questions about the modeling of transaction revenues versus the OVAS line - is all of Venmo's revenue on the transaction line? Is the Synchrony rev share in OVAS? What about the recent acquisitions? Is that all in transaction? Any color there would be helpful.

John Rainey: Yes, so, my apologies to every investor for all the changes that have occurred with other value-added services revenue. There's noise there because of held for sale accounting and Synchrony. But, you know, that's predominantly credit today. We do have some amount of interest income related to customer balances. But maybe the right way to think about that is, we still will have some transitioning of the Synchrony relationship into 2019. Maybe the right way to think about that for the first quarter is - I would expect similar year-over-year changes in OVAS - as what we saw in the 4th quarter - maybe slightly better. And so, it declined 19% in the 4th quarter. You know, maybe more towards the mid-teens or something like that would be the decline in the first quarter.

Jason Kupferberg: Okay.

John Rainey: You get those back after the year - you know, a lot of the noise...

Jason Kupferberg: you are lapping

John Rainey: Yes, we are lapping. So, it's an easier comp.

Jason Kupferberg: Yes. Okay, that's good. So, let's talk a little bit about eBay. I believe the company is themselves is actually guiding to flat-ish, organic volume growth on their platform in 2019. I know that PayPal's eBay volume growth has been running maybe a couple of points below that of eBay itself at least for the last couple of quarters. So, would it be fair to conclude that, you know, in the first quarter - and even in full year 2019 - that you'd expect PayPal's eBay volume to perhaps be down modestly? And as part of that maybe you can talk about to the extent you have a view on where there might be some of those reconciling items between what eBay reports for its GMV growth versus what shows up in PayPal's numbers.

John Rainey: Sure. So, there's always a bit of a delta between their reported GMV growth and our TPV growth. Some of the items to call out -- classifieds - it's something that we don't have - they have. Korea - is an entity where we don't have PayPal. They have an acquisition in Japan that is not reflected in our numbers as well.

So, if you look - I believe the delta - there has been two to three points in terms of what they report versus what we report. And that's a - I think that's a normal sum as we look into the future. And so, it's certainly - I believe they guided 0% to 2% GMV growth.

And so, you're right - one would conclude if that same delta exists, then we're talking flat to down one maybe on eBay. And so that's - you know, it's hard to have a different forecast from what they

suggest. You know, we certainly do our own estimates and analysis on that but that's probably a pretty good reflection of what we expect in our business.

Jason Kupferberg: Okay. I think that you said on the call that eBay's intermediation efforts to date have been immaterial to PayPal. When do you expect that they will become material? I know that they're able to add another country this year.

John Rainey: So, they can do 5% in two entities through July or June of this year. And I believe it moves to 10% to two entities. So, there'll be kind of a gradual increase in terms of what they can do. But they'll also - presumably - as they've said later in 2019 - they'll be adding PayPal as a payment option which could mute some of that impact.

But - you know, I kind of - I guess maybe a silver lining to some of the things that we're seeing with eBay is - you know, there was sort of this belief or expectation that in 2021 you would see more of a step change in terms of the amount of volume that we have with eBay. And the fact that they're growing less right now - all that does is make that trajectory more linear - and actually mute any impact that we would have in that period of time.

And for us, Jason, really our focus is - eBay is a great customer and we want to continue to power their payment experiences - but if you look at - I believe we made some comments yesterday around the other top 20 marketplaces on our platform - and the amount of volume that they're generating is about 30% larger than what eBay is today. And those are growing north of 40%. And with many of those we are actually expanding our relationship.

And so, this is - when we said we can handle this transition - this is precisely what I want to point people to because this is where we're focused. This is where we're investing our resources and our product development. It's the power of these other experiences that can help sellers with multiple marketplaces around the world.

Jason Kupferberg: Are you still expecting the PayPal button to be a part of the eBay's intermediated payment experience by mid-year - I think that's the timing we had been looking forward. Is that still on track?

John Rainey: Yes - you know, they said later this year, but I don't know how, you know, exact - you know, mid-year is. I mean, it could come a little bit after that but that's our expectation.

Jason Kupferberg: Okay. Another one of the silver linings that has been talked about in the past related to the reconfigured eBay relationship is PayPal's ability obviously to work with some other marketplaces - competitors of eBay - where there were historically restrictions in place. Can you give us just an update on the pipeline of potential new marketplace announcements?

John Rainey: Yes, that's kind of a tricky question. I don't want to front run anything but the discussions that we're having and the types of experiences that we're developing for some of these other market places and technology platforms - they're under way. And, you know, I would expect it will - it's not as if you're going to have to wait until 2020 to hear something from us. You should expect something this year in fact with some of these. And some of them we need to - depending upon the nature of the agreement - we might have to wait to do something in 2020 - but we can begin working on a lot of this right now.

So, I guess what I'd like to say is just more to come on that. I don't want to make any announcements prematurely.

Jason Kupferberg: Okay. No, that's certainly fair enough. Let's talk a little bit about transaction take rate. I know that it did increase quarter-over-quarter for the first time since separation. There were some moving parts in the area - FX hedges. I was hoping you could kind of go into some more detail -

break down some of the pieces, the drivers here - both for the quarter-over-quarter and the year-over-year comparison in transaction take rate.

John Rainey: Sure. Transaction take-rate declined - I believe nine basis point year-over-year. The entirety of that was related to free PtoP via PayPal or Venmo. So that was a full nine basis point. Now, there's some other moving pieces there. So, let me provide some color to that as well.

A tailwind that we had -- a benefit to take-rate -- was the fact that we had hedge gain - and that - there was a difference - we had a hedge gain this year and a hedge loss last year. That was five basis points of benefit. And so, everything else below that - it's kind of onesies, twosies that are a little more of a reflection of mix in our business - that is more sort of consistent of what you see in a normal quarter. And so, the hedge gain - hard to kind of predict what's going to happen there from one year to the next. But certainly, when we look at the effect of free P2P, that will be there for a while.

One of the benefits that we had was related to what I refer to earlier is OCT -- the instant withdrawal -- because the way that's accounted for is, that is - it's revenue we receive but it's actually not a transaction. And so, there's no TPV associated with that. And so that has a way of buoying that number a little bit. And we should expect to see that continue going forward.

Jason Kupferberg: Okay. So, it sounds like in general you're on a more positive trajectory just in terms of underlining year-over-year change in transaction take-rate once you adjust for quarterly noise such as FX hedges.

John Rainey: For sure - and just to be clear. I don't expect transaction take-rate to begin increasing into perpetuity. That's not what I'm suggesting. But the rate of decline is certainly going forward much less than what we've seen if you were to go back say two years ago.

Jason Kupferberg: Right. Well, that's certainly encouraging. How should we think about transaction expense, loan loss rate in 2019 versus 2018?

John Rainey: Yes. So, transaction expense - pretty similar to what we saw in 2018. That's been pretty consistent. There are puts and takes there that we've talked about albeit, you know, new customers may be vaulting a credit card which is more expensive but the growth of Venmo which tends to be more balanced towards ACH to offset some of that. So, I would expect that 95 to 100 basis point range to continue into the future. So, kind of around where it was in 2018.

On transaction losses - also, the 18-basis point that we had in the 4th quarter, that's probably a pretty good number to model out into the future. The loan loss number - that's one that - the 4th quarter is probably a little better than what one should assume for modeling purposes. That came in at three basis points. Really five -- four to five is a better way to think of that going forward. But again, that's one that we can throttle to because we look at the revenue side of that as well in terms of the offerings that we're providing. So, we're really sort of managing that on a net basis. But, probably four to five basis points is a good number for 2019.

Jason Kupferberg: Okay. And then just on the transaction expense - you kind of alluded to this - but wanted to understand a little bit more about the funding behavior that you are seeing among new users that have joined kind of in each successive year since consumer choice was launched, you know, what they're tending to choose as their default funding source since they're really, you know, starting from scratch if you will - you know, existing users may be just keep their legacy default funding method because of inertia - but what are the new users tending to do? And then over time do those new users have more of an effect on the overall base? And, you know, is that something that's many years out - but just trying to see what the comfort level is with kind of the mid to high 90's on the transaction expense, you know, for the next two to three years.

John Rainey: So - let me start with the main point that you ended with there at the end. We don't expect any appreciable change in transaction expense as we look out into the next several years. You know, as you get five, six years out maybe there's something different that we don't see today - but certainly for our planning purposes, that's roughly in the range that we've discussed.

But you are right that new users tend to vault a card - be it a debit or a credit card. And certainly, it differs based upon what demographic you're talking about. The younger demographic -- the millennial demographic -- doesn't have the same relationship with traditional financial institutions that maybe someone in my vintage does.

And so, we see a lot more debit and ACH from them - but a typical user will come to us - and let's just say they've vaulted a credit card and that may be what they use on their first couple of purchases. But what we see is when they go through the choice experience and they designate or they designate a certain preferred card, many times that's when they will come and add additional cards. And there's - the majority of customers that have gone through and designated the preferred card actually use multiple funding methods.

So, no different than probably what most people do in their behavior in the offline world where you'll pull out a certain credit card based upon the size of the transaction or where you're shopping with, you know, maybe for a restaurant - or maybe at a gas pump, you're pulling out a debit card. And so, we're seeing the same type of behavior with our users in their digital wallets as well.

Jason Kupferberg: Okay. And then the - just the implications for the servicing revenues that you're getting. I mean, how long should we expect those to last and is the Q4 run rate on that kind of the right number going forward?

John Rainey: That's a good number to assume for the first half of the year.

Jason Kupferberg: Okay. And is that - does that go through OVAS?

John Rainey: It does, yes.

Jason Kupferberg: Okay, got it. So, the other topic I wanted to hit on - you know, there was obviously all the talk last year around asset light and you got the big transaction done with Synchrony - there has been some talk here and there about maybe round two with asset light at some point. You do still have the international consumer credit report portfolio on your balance sheet. You've got PayPal working capital. So, you've got - I think a couple of billion or so of receivables. What's your latest thinking there?

John Rainey: Yes, so, absolutely – as we have said we don't want to have credit be such a huge draw on our cash flow that we can't do other things that are maybe, you know, higher return forms of capital. So, you know, we think that given the credit growth we're going to get to a point out in the next several years where we're going to need to do something very similar to what we did with U.S. consumer book.

And so, we're already looking at options there and working on scenarios because we don't want to be too reliant on credit given the sort of lack of durability of maybe those earnings in a credit cycle. But also - it's also a very capital-intensive business - and so, something similar to what we did with the U.S. book is ideal where we have some type of partnership where we can still participate in profits but aren't too reliant on it and don't have to originate the loans. So, you know, probably - certainly don't want to mislead you and suggest that likely we'll make an announcement in 2019. That's not in the plans but if you're going to do something in the years after that - you want to be thoughtful about it - you've got to start working on it right now -- which we are.

Jason Kupferberg: And just to follow up on U.S. consumer credit - you know, I know you had talked about when you were doing the transaction, you certainly saw - expected to see the flywheel benefits of

having PayPal credit available to your consumers. Is that the experience that you're, you know, seeing so far since the deal closed or are you even seeing increased engagement?

John Rainey: Yes, absolutely. The deal with Synchrony has been - by all accounts - just a real win-win. And one of the concerns that we had was there was - somewhat of a governor on our U.S. credit business in terms of being able to grow that, in part because of the cash flow needs. And, we don't have that governor there with Synchrony. And Synchrony has been such a great partner and we have such aligned interest in this and so, we couldn't probably be more pleased about how that portfolio is doing and what we're seeing there.

Jason Kupferberg: Good, good to hear. I wanted to also talk a little bit about, you know, Pay with Points. I know that's been in the works for a while and you talked about it a little bit on the call last night. I think you said Citi and Discover have gone live - sounds like more issuers are going to be coming into the fold in 2019. So, maybe if you could just talk a little bit more about the importance of the initiative. And could this actually start to move the needle a little bit on TPV this year or is that more of a 2020 likelihood just based on how this is going to ramp and roll out and maybe you can just talk a little bit about how the issuers are planning to promote it.

John Rainey: Sure. So, if you haven't had a chance yet, I would encourage the audience to look at our investor update. I think on the eighth or ninth page there's a depiction of what this experience looks like and the ability to pay with points and how simple it is. And we're really excited about this. Many of you probably heard me talk about this - this is one of the aspects of our growth that I am particularly excited about because technically, you are allowing what is sort of this huge cache of reward points to be used at over 20 million merchants around the world now.

And the importance of that is it requires no integration on the part of the merchant. And so that has always been sort of a long pole in the tent of having more options for these credit card issuers to go out and have more options of additional merchants. And with our integration we basically make

that a form of payment. And to the merchant they actually don't even know whether it's paid with a credit card or debit card or points. And we get the ability to monetize that and in many cases it's a very low transaction expense. So, this is something I think has a lot of promise as we look out into the future.

But with respect to this being impactful in 2019, you know, it's not something that I would call out, as going to be quite enormous or huge inflection - but the mid 20's TPV growth does include some assumption about, you know, what we do here.

Jason Kupferberg: Okay. And we'll look forward to seeing more of the issuers actually roll it out. I also wanted to see - just to circle back to Venmo again for a minute. Can you give us any thoughts on, you know, whether or not we should expect to see some new products, services, features introduced in the course of the next 12 months? I mean, obviously you've got three very active initiatives at the moment but is there a vision and a strategy to even extend the aperture further in that regard?

John Rainey: I wouldn't say in the next 12 months. We've got some heavy lifting to do to continue to grow like we are with these new areas and don't want to be distracted by additional features. You know, beyond 12 months - yes, there's opportunities for features that we don't have today. But our eye is on the ball here are with the three initiatives that we have.

Jason Kupferberg: Okay. All right, it makes sense. Well, in the interest of time, I think we're going to leave it there. I appreciate everyone who reached out with some questions and obviously John and the team, thank you for taking the time this afternoon.

John Rainey: Thank you Jason. We appreciate this opportunity to always sort of further clarify some of the questions that come out of the day of earnings and I'm sure we'll be speaking with many of you over the coming weeks in clarifying things further. But - again, we thought 2018 was a really good

year and we're pleased with what we see in terms of the options that we have walking into 2019. Certainly, there are some things that, you know, are more difficult in terms of the operating environment versus last year but, you know, we're still planning on the type of growth that we've been seeing. So, I'm looking forward to it. Thank you Jason.

Jason Kupferberg: Okay, thanks again. Thank you, everybody. Goodbye.

Operator: And this concludes today's conference. Thank you for your participation and you may now disconnect.