

The road to mass adoption: how PayPal fills the gap with its crypto services

Until recently, it was hard to imagine PayPal adopting cryptocurrencies. In addition to multiple reports of a crackdown against digital asset users, Bill Harris, the former CEO of the financial giant, called Bitcoin "the greatest scam in history."

Interestingly, it seems that the company has completely reversed its stance since and decided to go all-in on crypto. Last November, PayPal *rolled* out its digital asset trading service for eligible customers in the US, which was recently *launched* for UK users as well.

At the same time, cryptocurrency trading is *included* as a top feature of the new PayPal "super app" along with non-crypto functionalities like high-yield savings accounts, cashback rewards, and shopping credit.

Furthermore, in addition to an *expansion* of its Ireland-based crypto team, PayPal CEO Dan Schulman *hinted* that the company may dabble into *decentralised finance (DeFi)* along with offering infrastructure for central bank digital currencies in the future.

Considering all this, it's safe to conclude that PayPal has officially become a

crypto market player that has the necessary license from the UK's Financial Conduct Authority (FCA) to serve British citizens.

But what is the reason behind PayPal's aggressive crypto expansion, and what does it mean for the cryptocurrency market?

Filling an important gap

Crypto exchanges have played an integral role since the dawn of the industry, as they provide users the necessary on- and offramps between fiat currencies and digital assets.

However, while an estimated 5% of the UK's population (over 3.3 million people) own cryptocurrency, it's hard for the average consumer to enter the industry without the help of a major financial player. Most are unfamiliar with crypto exchange platforms and remain hesitant to purchase their first coins on a service they don't know.

As many major UK banks like Barclays and HSBC have imposed some form of restrictions on crypto activities, this has created a gap within the industry.

And, with millions of customers all over the world, an excellent reputation, and an extensive history of operating a global financial service, it seems PayPal has everything to fill this gap, which is why its cryptocurrency offerings have become so successful among its users.

A clear signal of a maturing asset class

It's important to note that, while PayPal's recent actions signal that the company has doubled down on crypto, its digital asset services are currently limited to buying, selling, and holding coins without the option to use them for payments or any other transactions.

At the same time, PayPal's crypto solutions are only available in two countries: the US and the UK.

However, taking into account the massive demand for PayPal's crypto services

and the firm's plans to expand them both in terms of functionality and regional availability, I'm sure that we will soon see quite some developments around this area.

Most importantly, if we take a look beyond the surface, PayPal's successful experiment with cryptocurrencies is definitely good news for not just the company but also the digital asset industry as a whole.

It's safe to say that we had already passed the era when crypto was considered no more than a fad and a super-speculative investment. Many things have changed since, as we have a working infrastructure built around cryptocurrencies that is being continuously fine-tuned and expanded with new functionalities and innovative use-cases. Take the decentralized finance (DeFi) industry as an example, which provides users an accessible, democratic, and permissionless way to lend, borrow, and earn money without any intermediaries or restrictions (you only need a working internet connection and a compatible device to get started).

These are clear signals that the crypto asset class is maturing, which fintech companies (e.g., Revolut, Robinhood) and payment giants like PayPal have already identified. At the same time, the financial giant's case indicates that regulators are actively working to understand cryptocurrencies' true nature and potential.

A situation in which the FCA, a watchdog with a rock-solid reputation and extensive experience regulating financial markets, allowed such a significant payments industry player to proceed with its digital asset offerings speaks well for crypto regulation's development within the UK.

As fellow cryptocurrency platforms targeting the United Kingdom as one of our top markets, we welcome the FCA's decision, which is expected to drive more users towards digital assets.

At the same time, it makes sense to assume that the financial watchdog will grant the necessary licenses and approve similar incentives of other businesses and service providers within the industry that have proved themselves trustworthy and reliable.

The road to mass adoption

Despite a few years ago when it was trendy to bash cryptocurrencies, governments and businesses are actively researching and experimenting with the benefits of digital assets and blockchain technology on a global scale.

With regulators seeking to understand crypto and financial giants like PayPal

aggressively expanding on the digital asset market, it has become clear that the world is getting ready to revolutionise how we settle our everyday payments.

And, in this revolution, cryptocurrencies are taking the lead role.

Arina Kulackovska is Head of Corporate Payment Solutions at [CEX.IO](#).

Article by ARINA KULACKOVSKA