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PayPal and Mastercard Expand Partnership to Benefit Consumers, Merchants and Financial Institutions

Agreement to enhance user experience for Mastercard cardholders and PayPal users while providing Masterpass as a payment option for merchants through PayPal's Braintree

SAN JOSE, Calif. & PURCHASE, NY--(BUSINESS WIRE)-- PayPal (NASDAQ:PYPL) and Mastercard (NYSE:MA) today announced an important expansion of their long-standing partnership that will enhance the consumer experience by making Mastercard a clear payment option within PayPal, enable Masterpass as a payment option for Braintree merchants and expand PayPal's presence at the point of sale. This will provide increased value to Mastercard cardholders, financial institutions and PayPal customers.

Under the expanded partnership, consumers and small businesses will be able to instantly cash out funds held in their PayPal accounts to a Mastercard debit card. PayPal will also be provided certain financial volume incentives and, as a result of the commitments made under this agreement, will no longer be subject to the digital wallet operator fee.

"Customer choice and partnership are fundamental principles for PayPal that guide how we operate as a company, giving our customers greater opportunities to more easily manage and move their money online, in app and in-store," said Dan Schulman, president and CEO, PayPal. "With each partnership agreement that we sign, we further expand the ubiquity and value of the PayPal brand and improve our own economics. Mastercard has been a trusted partner for many years. By collaborating and innovating together we will continue to help move digital payments forward and improve payment experiences for our mutual customers."

"Whether paying in the physical or digital world, consumers want to see the familiar Mastercard brand from their chosen issuer," said Ajay Banga, president and CEO, Mastercard. "The expansion of the partnership with PayPal further reinforces our commitment to our billions of cardholders across the globe to provide them the choice to pay when, where and how they want while delivering the simple and secure payment experience they've come to expect from Mastercard."

Delivering Optimal Choice and an Enhanced User Experience for Cardholders:

To advance the PayPal and Mastercard shared vision to offer consumers greater choice and flexibility to manage and move their money:

- | Mastercard will be presented as a clear and equal payment option within the PayPal Wallet, making Mastercard and their issuers easily identifiable to the consumer when transacting.
- | Customers will see a familiar digital representation of their Mastercard from their chosen issuer, ensuring them that all payments made through PayPal are protected with the same safety and security measures that they have come to expect when using a Mastercard.
- | Customers will be able to select Mastercard as their default payment method to allow for quick and easy check-out.
- | PayPal will not encourage Mastercard cardholders to link to a bank account via ACH.
- | PayPal will expand its presence at the point of sale by utilizing tokenization services from Mastercard. This will allow consumers to use their tokenized Mastercard in their PayPal Wallet to make in-store purchases at the more than 5 million contactless-enabled merchant locations across the globe.

Improving Data Quality and Routing for Issuers

Continuing to build on the progress they've made in recent years, PayPal and Mastercard will jointly focus on the following:

- | Continue to enhance data quality to deliver consistent transaction-level data for Mastercard issuers.
- | Provide greater transparency for transactions at the point of sale through tokenization.
- | Collaboratively work with issuers to identify consumers who choose to migrate existing ACH payment flows to their Mastercard cards.

Bringing More Choice for Merchants

Masterpass will be added as a payment option for merchants that process payments via Braintree, a PayPal company. Merchants that leverage Braintree as their payment platform will be able to easily integrate Masterpass into their checkout experiences, providing a seamless user experience for consumers.

In addition, Mastercard and PayPal have agreed to a multi-year extension of the PayPal Business Debit Mastercard program in the United States. This expansion of the partnership between the two companies comes after the recent announcement that PayPal and Mastercard agreed to a multi-year extension of the PayPal Extras Mastercard co-branded consumer credit card program.

About PayPal

At PayPal (Nasdaq: PYPL), we put people at the center of everything we do. Founded in 1998, we continue to be at the forefront of the digital payments revolution. PayPal gives people better ways to manage and move their money, offering them choice and flexibility in how they are able to send money, pay or get paid. We operate an open, secure and technology agnostic payments platform that businesses use to securely transact with their customers online, in stores and increasingly on mobile devices. In 2015, 28% of the 4.9 billion payments we processed were made on a mobile device. With our 188 million active customer accounts, PayPal is a truly global payments platform that is available to people in more than 200 markets, allowing customers to get paid in more than 100 currencies, withdraw funds to their bank accounts in 56 currencies and hold balances in their PayPal accounts in 25 currencies. For more information on PayPal, visit <https://www.paypal.com/about>. For PYPL financial information, visit <https://investor.paypal-corp.com>.

About Mastercard

Mastercard (NYSE: MA), www.mastercard.com, is a technology company in the global payments industry. We operate the world's fastest payments processing network, connecting consumers, financial institutions, merchants, governments and businesses in more than 210 countries and territories. Mastercard products and solutions make everyday commerce activities - such as shopping, traveling, running a business and managing finances - easier, more secure and more efficient for everyone. Follow us on Twitter [@MastercardNews](https://twitter.com/MastercardNews), join the discussion on the [Beyond the Transaction Blog](#) and [subscribe](#) for the latest news on the [Engagement Bureau](#).

About Masterpass

The Masterpass vision is to support all forms of commerce in order to address the widest range of merchant experiences and consumer needs. Masterpass stores all payment information, including card details from both Mastercard and other payment networks, shipping information, and payment preferences in one convenient, secure place. With Masterpass, you can check out online or in merchant apps by simply clicking the Masterpass button and authenticating to complete the transaction. In-store, simply tap to pay at contactless-enabled merchants and get on your way. Masterpass also leverages the most advanced methods of payment security available today, including network tokenization, which ensures information is protected. For a list of Masterpass online and in-app accepting merchants visit www.masterpass.com. In-store enabled merchants can be found [here](#).

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