

# Democratizing Financial Services

An Interview with Dan Schulman, President and Chief Executive Officer, PayPal

**EDITORS' NOTE** Before assuming his role at PayPal, Dan Schulman served as Group President at American Express. Prior to joining American Express, he was President of the Prepaid Group at Sprint Nextel Corporation following its acquisition of Virgin Mobile USA, Inc., where he led the company as its founding CEO for eight years. Earlier in his career, he served as President and CEO of Priceline Group, Inc. He also spent 18 years at AT&T, where he held a series of positions, including President of



Dan Schulman

the Consumer Markets Division. The New York Urban League presented Schulman with the 2021 Frederick Douglass Award. In 2020, Robert F. Kennedy Human Rights honored him with the Ripple of Hope Award. In 2019, Schulman was recognized by Endeavor Global with the High-Impact Leader of the Year Award and was also honored with the Financial Health Network's inaugural Visionary Award in 2018. Additionally, he received the 2017 Brennan Legacy Award and The Council for Economic Education named him as its 2017 Visionary. He received an honorary Doctor of Humane Letters degree from Rutgers University and delivered the University's 252nd anniversary commencement speech. In 2021, Schulman was ranked third on Fortune's list of the World's Greatest Leaders. He has also frequently been recognized by Fortune as one of the top 20 Businesspersons of the Year. Fast Company has named him one of the top 100 Most Creative People and, in 2019, he was named one of Glassdoor's Top 50 CEOs. In addition, he has been recognized as one of the top 10 Most Innovative CEOs in Banking. Schulman is actively involved in the World Economic Forum, as a member of the International Business Council, and on the Board of Governors and Board of Stewards for the Future of Financial & Monetary Systems platform. He also serves on the Board of Directors of the Business Roundtable. In addition, Schulman is a life member of the Council on Foreign Relations, and an International Advisory Council member of the Singapore Economic Development Board. He serves as a Director of Verizon Communications, Inc., and previously served as Non-Executive Chairman of NortonLifeLock (formerly Symantec Corporation). He also serves on the boards of The Economic Club of New York and Autism Speaks. Schulman earned a BA from Middlebury College and an MBA from New York University's Leonard N. Stern School of Business.

**COMPANY BRIEF** PayPal (paypal.com) has remained at the forefront of the digital payment revolution for more than 20 years. By leveraging technology to make financial services and commerce more convenient, affordable, and secure, the PayPal platform is empowering more than 425 million consumers and merchants in more than 200 markets to join and thrive in the global economy.

## How do you define PayPal's mission and purpose?

PayPal is one of the largest consumer platforms in the world and is shaping how people act in the digital age. We want to democratize financial services, which means that every citizen in the world should have access to the management and movement of money, and it should be a right – not just a privilege for the affluent and wealthy. That mission drives everything we do, and our products and services have never been more relevant for our customers than they are today. As we transition into a digital-first era, we're working to make financial services more

secure, affordable, and convenient by digitizing transactional processes and bringing massive portions of the population into the global economy for the first time.

## How is purpose woven into PayPal's culture?

Leading with purpose is the only way we are going to be able to address the pressing problems we face as a society. At PayPal, we believe that much of the change we seek begins with leading from within to drive change as well as encouraging action externally. Our employees are our most important stakeholder group, and we believe that by investing in them, we create an environment where employees are engaged and feel like they are being taken care of. In turn, we can serve our customers better.

Through our employee financial health initiative, above-market benefits, employee resource groups and many other programs and initiatives, we live out our values, and our beliefs are the foundation for how we do business every day. We are all working towards the common goal of democratizing financial services – it's part of what drives people to work here and what encourages people to stay.



Dan Schulman greets employees at PayPal's Omaha office in 2019



Dan Schulman speaks at Bloomberg's "Sooner Than You Think" event in 2019

**How did PayPal address the challenges caused by the pandemic and will you discuss PayPal's pandemic relief efforts?**

None of us could have predicted the impact the pandemic would have on our lives. We have all been profoundly affected, and particularly those in underserved communities. The pandemic widened the racial wealth gap, devastated small businesses and created work-life challenges for workers around the world.

Our first priority was to ensure that our employees were safe and had the resources they needed to continue serving our customers from home while also doing what we could to lighten the load of these challenges in any way possible. We mobilized immediately and put a number of measures in place for all global PayPal employees, including paid time off for office closures, COVID-related illness, and an additional two weeks of paid time off for caregiving through our Crisis Leave Program. We've also instituted flexible work arrangements for employees facing childcare or family care challenges related to the pandemic.

I'm so proud of our employees for working around the clock to deliver for our customers when they needed it the most. Their efforts allowed us to launch direct deposit capabilities so that people in the U.S. could receive government stimulus payments quickly into their PayPal and Venmo accounts. We also partnered with the U.S. Small Business Administration to become one of the first non-bank lenders approved to distribute Paycheck Protection Funds to small businesses affected by the pandemic.

Last year, when the White House called for companies to join their vaccine distribution efforts, we joined forces with Uber and Walgreens in a coalition to provide free and discounted rides to vaccination sites in the U.S. with a focus on underserved communities. We also worked with Uber to leverage their giving platform to mobilize customers interested in contributing to the vaccine access effort.

**You mentioned how proud you are of PayPal's employees during this challenging and uncertain time. Will you highlight the resilience and commitment of your team?**

I'm incredibly proud of the resilience and commitment of our employees and the measures we took as a company to support our customers and stakeholders during this challenging and unprecedented time. It quickly became clear that the business community had a critical role to play in addressing the needs of employees, customers and communities, and our employees rose to that challenge. They have done an incredible job of remaining steadfast in our mission and staying committed to deploying our products, services, and resources to help address the hardships that so many of our customers and communities are navigating.

**How critical is it for PayPal to build a diverse and inclusive workforce in order to bring diverse perspectives and experiences to the table when making business decisions?**

Building a diverse and inclusive workforce is absolutely critical to our mission. Collaboration and purpose inform all of our actions at PayPal and extend to our efforts of fostering a diverse and inclusive culture – one where everyone belongs and feels empowered to bring their full selves to work and deliver for our customers.

That's why as part of our \$535 million commitment to support underserved communities and fight economic inequality, we dedicated \$15 million to support diversity, inclusion, equity and belonging initiatives at PayPal and public policy research on issues related to racial equity. It's so important that our workforce is a representation of our purpose because that is the only way that we are able to build an economy that works for everyone.

**Will you discuss PayPal's employee financial health efforts?**

Our employees are our number one stakeholder group, and we take seriously

our responsibility to provide a workplace where employees feel supported. In 2018, we surveyed our employees and found that even though we were paying wages at or above market rates, many of our hourly and entry-level colleagues still didn't feel financially secure and struggled every month to meet their financial obligations. In October 2019, we introduced a comprehensive set of changes designed to help our employees build financial security, including raising wages, lowering the cost of healthcare, granting equity, and providing financial planning tools.

We've also launched the Worker Financial Wellness Initiative with JUST Capital in collaboration with the Financial Health Network and Good Jobs Institute to encourage other companies to prioritize the financial health of their workforce. We're proud of the community of practice we've created among ten major companies and counting. Since rolling out our financial health initiatives for employees, we've been able to raise the minimum disposable income for our hourly and entry-level U.S. employees by 18 percent – up significantly from the original estimates which were as low as 4 percent in some regions.

**How is PayPal addressing the issue of racial equity?**

America's racial wealth gap is as severe as it was in 1968, and the economic fallout from the pandemic has only widened that gap. As a company working to create a more inclusive financial system, we have a unique opportunity and responsibility to help close this racial wealth gap and build a more equitable future. In 2020, PayPal made a \$535 million commitment toward a comprehensive set of initiatives to help address the economic underpinnings of racial injustice. The commitment includes short-term actions to stabilize small Black-owned businesses disproportionately impacted by COVID and longer-term investments to support wealth creation and community investment in Black and underserved communities.

We have already fully allocated the \$535 million we pledged. We've found that transparency and partnerships have been integral to deepening our racial equity work and creating opportunities for scalable impact. That's why we are building on our commitment by investing in new partnerships such as the Southern Communities Initiative, where we work with local elected officials across six major southern cities to tackle structural racism and inequalities.

One of the initiatives that I hold close, and that we plan to continue to reinvest in, is our Maggie Lena Walker Award. Walker, the first Black woman to found a bank, made it her life's mission to advocate for economic independence in her community at a time when Black people in the United States were denied all opportunity. I first learned of Walker from a *Wall Street Journal* article and couldn't believe she wasn't more well-known and knew we needed to do something to honor her legacy. Our first award winners have positively humbled me with their work – one of them, Kathryn Finney, has even chosen to give her entire \$50,000 award back to her community in micro-loans.

## **What is PayPal doing to impact Women's Economic Empowerment?**

One of my first actions as CEO of PayPal was to implement global gender pay equity across the company. It is so important that we ensure that women, around the world, have equitable access to economic opportunity. Women make up the overwhelming majority of the world's unbanked and underserved adults, and we believe we have a responsibility to help expand their role and participation in the economy in order to build more prosperous and resilient communities. That's why, in 2021, we committed more than \$100 million to advancing financial inclusion and the economic empowerment of women and girls over the next five years.

We believe that through this commitment and our other internal and external initiatives, we can play a role in creating a more inclusive economy. That includes depositing \$100 million of our capital into investment funds and depository institutions that are led by or focused on serving women, \$7 million in partnerships to increase access to microloans for women entrepreneurs, \$1 million to mobilize donations for women-focused charities, and conducting our own annual assessments to ensure PayPal's company policies and benefits regarding pay equity, paid leave, caregiver support and workplace sexual harassment prevention remain best practices, among others.

## **Will you highlight PayPal's focus on Small Business Empowerment?**

For more than 20 years, PayPal has been supporting small businesses around the world with access to capital, products and services to help them participate in the global marketplace. We're also continually working to harness the power of our technologies to provide small business owners with efficient tools to manage and grow their businesses and expose them to millions of global consumers. One way we do this every day is by offering business financing solutions such as PayPal Working Capital that give small businesses access to the capital they need in a way that's faster and easier than traditional loans. I've met with many merchants who've used Working Capital to fuel their growth, and each one has inspired me in how they are able to adapt to reach more customers.

During the COVID-19 pandemic, we were proud to partner with the U.S. Small Business Administration Paycheck Protection Program (PPP) to provide funding access to small businesses, particularly underserved businesses across the country.

As part of our \$535 million commitment to support Black businesses, strengthen communities and address economic inequality, we launched the PayPal Empowerment Grant Program, committing \$10 million in grants to support Black-owned small businesses. It's been an honor to be part of our grant awardees' journey and support their future growth.

## **How critical is it for leading companies to address the challenges of climate change and will you highlight PayPal's Climate Action?**

Climate change is among the most urgent issues of our time and should be a top priority for companies at all levels. We all have a role to

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play and must all do our part when it comes to protecting the health of our planet, and corporations have a responsibility to take meaningful action. At PayPal, we know that achieving climate stability is vital to fulfilling our mission to drive financial health and inclusion for all global citizens.

PayPal has pledged to set greenhouse gas emissions reduction goals validated by the Science Based Targets initiative and has since joined the Business Ambition for 1.5C. We are making good on our commitment and have pledged to reach net-zero emissions by 2040 by mobilizing resources to reduce and abate our own greenhouse gas emissions as rapidly as possible. We also look to catalyze the emergence of digital financial tools that can help vulnerable populations prepare for disasters, adapt their livelihoods and build long-term resilience. For example, we are a supporter of the Catalyst Fund to help innovative startups deliver inclusive digital finance products that can enhance climate resilience, such as Crop2Cash, a startup based in Nigeria that unlocks affordable financing for smallholder farmers and provides digital finance solutions along the agriculture value chain, increasing both efficiency and productivity for farmers.

## **You have accomplished so much during your career. Do you take moments to reflect and celebrate the wins or are you always focused on what is next?**

I think the most important thing for anyone to do in their careers, and something I practice on a regular basis, is the power of being humble and always remembering where you came from. I think what is even more important than what we do in moments when we “win” is how we react to and overcome setbacks, and that's a lesson I learned early in my adult life.

I didn't get accepted to the college I planned to attend – a college that my family has strong ties to. Rather than allowing that setback to define me or to determine what my future would look like, I

made a different plan. I worked as a truck driver before eventually getting accepted to Middlebury College for the spring semester. I credit that experience with helping both build my resilience and helping me to understand my own capacity to push through and succeed.

## **What do you see as the keys to effective leadership and how do you describe your management style?**

I believe that now more than at any other time in human history, we need responsible and values-driven leaders, with vision and courage, to stand up for basic human rights. I take an “employee-first” leadership style. As a leader, it is most important to take care of our employees first. Any company that aspires to move from being a good company to potentially being a great company must have at its foundation the best, most talented, most passionate, most engaged employees. If you have the best employees, then you will inevitably serve your customers better.

Finally, I learned early in my career the power of leading with trust at the forefront and giving credit to others for their ideas and perspectives. The power associated with shining a light on others and building up those around you is significant and should be the goal of any leader.

## **What advice do you offer young people beginning their careers during this unprecedented time?**

The best advice I could give young people as they start their careers would be to let your actions define you, not your words. While young people may just be starting their career journeys, they have a role to play as future leaders to push our business community and society forward.

The past few years' events have proven that there is no more important time for all of us to stand against hatred and stand up for vulnerable and underserved communities. Companies, in particular, have an obligation to call out injustices and work for a more equitable and just society. ●