

PayPal Lifts Outlook As Profit Increases

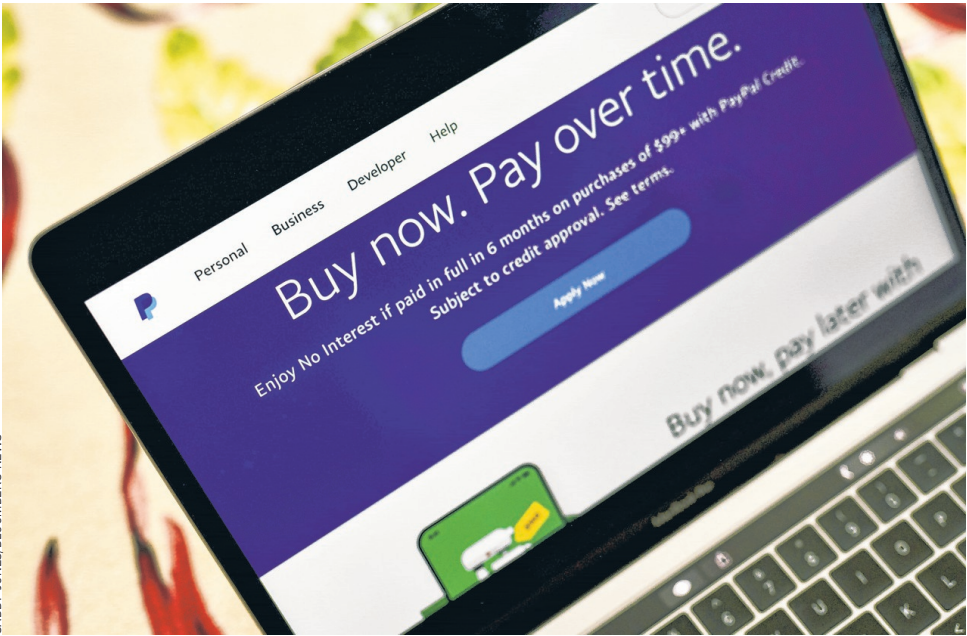
Payment volumes jumped 6% in the second quarter to \$443.55 billion

By DEAN SEAL

PayPal raised its outlook for the year after it recorded higher second-quarter earnings as its active account tally climbed and its Venmo business thrived. The digital payments company said it now expects earnings of \$4.90 to \$5.05 a share this year, up from its prior range of \$4.80 to \$4.95, and

adjusted earnings of \$5.15 to \$5.30 a share, higher than its earlier range of between \$4.95 and \$5.10. PayPal is forecasting third-quarter adjusted earnings, which strip out one-time items, of \$1.18 to \$1.22 a share. Analysts are currently targeting \$1.21 a share, according to FactSet. The guidance lift comes after total payment volumes jumped 6% in the second quarter, to \$443.55 billion. The company posted quarterly profit of \$1.26 billion, or \$1.29 a share, compared with \$1.13 billion, or \$1.08 a share, in the same quarter a year

earlier. Stripping out one-time items, adjusted earnings were \$1.40 a share, topping analyst estimates by 10 cents, according to FactSet. Revenue jumped 5%, to \$8.29 billion, ahead of analyst projections for \$8.08 billion. Revenue at Venmo alone was up 20%. The company's total tally of active accounts rose 2% from a year ago, to 438 million, which was also a step up from last quarter. PayPal has said it is focusing on profitable growth through its branded checkout options, unbranded processing



The digital payments company's total active accounts rose 2% from a year ago to 438 million.

business and branded offline checkouts from its PayPal and Venmo credit and debit cards. Those drive higher transaction

margin dollars, a measure of revenue minus transaction expenses, transaction losses and credit losses.

Transaction margin dollars were up 7%, at \$3.8 billion, in the second quarter, PayPal said Tuesday.

Apple's Third-Party App Prices Face Expanded Antitrust Probe in Spain

By EDITH HANCOCK

The Spanish competition regulator expanded its investigation over **Apple's** business terms for developers, saying it wants to scrutinize price points the iPhone maker sets for apps and in-app purchases. Spain's Comisión Nacional de los Mercados y la Competencia, or CNMC, said Tuesday that it is broadening the scope of a probe it started last summer over concerns that Apple's business terms for developers that rely on the tech giant's App Store to make money are anticompetitive. Now, the regulator said it is also looking at Apple's requirements to developers to set prices for their apps, subscriptions and in-app purchases based on a list of



An Apple store in Zaragoza, Spain. The tech giant said developers compete on a level playing field on the App Store.

roughly 900 price points set by the iPhone maker. "The CNMC is now investigating whether Apple may

have established a pricing schedule that developers are required to follow in order to distribute their apps in its

Cyber Firms In Talks for Big Tie-Up

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CyberArk specializes in identity security, specifically what is known as privileged access management. Its systems help protect businesses from cyber threats by helping them secure sensitive information and who can access it. It counts more than 10,000 customers globally, according to its website. CyberArk was founded in 1999 by Udi Mokady, who took the company public in 2014 and remains executive chairman. Current CEO Matt Cohen has helped push it toward a common software business strategy as a subscription model. CyberArk ranks among the biggest public companies in Israel, a region that has also become a cybersecurity powerhouse thanks to govern-

ment and private investments, and a strong focus on national security. Check Point Software, another cybersecurity company with headquarters in Tel Aviv, has a market value of over \$23 billion. Big tech companies have been sitting on the sidelines for a while, opting not to pursue big takeovers under the Biden administration's antitrust regime, which took a harder look at big transactions and especially within the technology sector. More are warming up under the Trump administration, which has expressed a greater willingness to find paths for big deals, especially ones aimed at security for U.S. companies and technology. That is even as some in the administration, including Vice President JD Vance, have been critics of the big tech industry. **Salesforce** in May struck a roughly \$8 billion deal for data-management software firm Informatica, which came together after talks between the two fizzled out in 2024.

Who's Who of Distinguished Leaders: 2025 Honorees

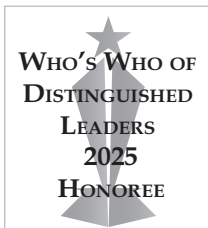
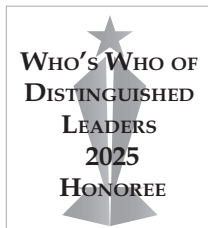
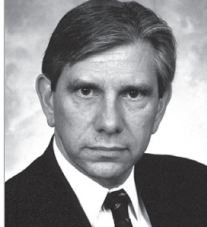
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Apple's Valuation Is at Risk

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fees are usurious and have appealed to regulators or sued Apple to force changes. A California judge ruled that Apple must allow app developers to sell their iPhone services from their own websites. In that scenario, she said, Apple can't collect any fee at all. In a worst-case scenario, Bank of America estimates that Apple could lose 10% of its net profit. But that assumes all large developers shift all of their app purchases outside the App Store, which is very unlikely, and Apple is appealing the ruling in the U.S. In the European Union, a law called the Digital Markets Act requires similar changes to

allow developers to avoid Apple's fees. Some experts have expressed concern that other countries could follow suit. Apple disagreed with the California judge's ruling, a spokeswoman said. It also appealed the ruling of the European Commission, saying the changes it is forcing the company to make go beyond what the law requires and are bad for users. The next piece of Apple's services business—and one of its most lucrative—is the money Google pays so it gets to be the default search provider in Apple's Safari web browser. It accounted for about 6% of Apple's overall revenue in the 12 months through March, estimates Bank of America. But because it has essentially no costs associated with it, it falls straight to the bottom line, where it accounts for 19%, or nearly one-fifth, of Apple's total operating profit. After the Justice Department won its antitrust case

against **Alphabet's** Google, it asked the judge to throw out the search giant's Apple contract, which the judge is still considering. During trial testimony, the judge asked Apple executive Eddy Cue, who oversees the services business, if Apple has thought about what it would do if he cancels the contract. Cue testified: "I've lost a lot of sleep thinking about it." Advertising, particularly by apps in the App Store, is another big chunk of services revenue. Subscriptions to iCloud storage, Apple Music, Apple TV and other services add to Apple's services business. News Corp, owner of The Wall Street Journal, has a commercial agreement to supply news through Apple services. While Apple has beat expectations in many arenas of its services business outside of the App Store and Google payments, the company will still face an uphill battle in replacing lost revenue from those two areas, analysts say.



The Apple card with Goldman doesn't charge late fees, wiping out a key revenue generator.

JPMorgan Nears Deal For Cards

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Morgan, that figure was 15%, while at Capital One, which has for decades specialized in subprime cardholders, borrowers with a credit score of 660 or lower held 31% of bal-

ances. Goldman cardholders were behind on payments by 30 days or more on roughly 4% of credit-card outstanding balances as of the end of March, according to Goldman's financials. The delinquency rate on credit-card loans across all commercial banks was 3.05% for the same period, according to the latest data from the Federal Reserve. Goldman had \$2.45 billion set aside for potential future credit-card loan losses at the

end of March. Most credit-card issuers make up for having delinquent borrowers by charging late fees. But the Apple card with Goldman doesn't charge late fees, wiping out a key revenue generator. The combination of high subprime balances and no late fees has led several credit-card issuers to pass on pursuing the program, unless they could get it at a huge discount, people familiar with the process said.