PayPal Friendship and Money Study - U.S.

August 2017

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Introduction

Technology and digital payments have radically transformed the way we exchange money with friends and family. With the rise of peer-to-peer (P2P) payments, many attitudes toward paying back loved ones have changed attitudes, challenging old taboos, creating new challenges and even giving rise to new behaviors.

We enlisted Koski Research to conduct PayPal’s Friendship and Money Study: an online survey conducted in the United States on consumer behaviors and attitudes toward money and friendship. The 1,000 Americans aged 18-55 who participated shared their feelings about how and why they send money to friends and loved ones, and how it impacts their daily lives.
## Methodology

<table>
<thead>
<tr>
<th>What</th>
<th>An online study among a sample of the general public planning to celebrate the holidays this year was conducted by independent research firm, Koski Research.</th>
</tr>
</thead>
<tbody>
<tr>
<td>When</td>
<td>The study was fielded July 21, 2017 and July 24, 2017.</td>
</tr>
</tbody>
</table>
| Who  | 1,000 Americans aged 18-55 completed the survey.  
|      | The sample was drawn from online sample sources.  
|      | Age, gender, ethnicity, and region quotas were used to develop a nationally representative sample. The data was not weighted. |
Key Takeaways

1. P2P already comprises more than a third of all payments between friends. In all, Americans pay friends back more than $1500 via P2P over the course of the year.

2. Nearly 40% of Americans have a debt to friends that cannot be repaid, for acts of friendship, like advice, support and more.

3. Almost half of Gen Z and Millennials have felt strain in their friendships over money.

4. Asked to put a relative price on some of these acts of friendship, attitudes greatly varied, with some (like being introduced to a significant other) being priced at millions of dollars.

5. The rise of P2P payments among family and friends has spawned a whole new behavior: almost 40% of Americans send their friends small sums of money when they aren’t expecting it. More than half of the time, these “penny pokes” are to say thank you or to cheer their friend up.
Friendship and Money
80% of Gen Z relies on parents to borrow money
Gradually spreads to siblings and friends over time

<table>
<thead>
<tr>
<th></th>
<th>Generation Z</th>
<th>Millennials</th>
<th>Generation X</th>
<th>Boomers</th>
<th>Total (N=1000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parent(s)</strong></td>
<td>80%</td>
<td>69%</td>
<td>60%</td>
<td>42%</td>
<td>64%</td>
</tr>
<tr>
<td><strong>Sibling</strong></td>
<td>13%</td>
<td>12%</td>
<td>15%</td>
<td>31%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Friend</strong></td>
<td>7%</td>
<td>16%</td>
<td>23%</td>
<td>27%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Coworker</strong></td>
<td>0%</td>
<td>2%</td>
<td>2%</td>
<td>0%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Q1. If you absolutely had to borrow money, who would you ask first?
Food and meals drive most repayments
Food and drink payments get absorbed by household spending over time

Q2. What are some of the situations for which you have repaid friends, family or loved ones? (Please select all that apply.)

- Travel
- Entertainment (show, concert, sporting event)
- Drinks
- Household (Rent, utilities, groceries, etc.)
- Food/ meals

<table>
<thead>
<tr>
<th>Generation Z</th>
<th>Millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>16% 18%</td>
</tr>
<tr>
<td>Entertainment (show, concert, sporting event)</td>
<td>39% 38%</td>
</tr>
<tr>
<td>Drinks</td>
<td>37%</td>
</tr>
<tr>
<td>Household (Rent, utilities, groceries, etc.)</td>
<td>37%</td>
</tr>
<tr>
<td>Food/ meals</td>
<td>27% 46%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Generation X</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>26%</td>
</tr>
<tr>
<td>Entertainment (show, concert, sporting event)</td>
<td>28%</td>
</tr>
<tr>
<td>Drinks</td>
<td>42%</td>
</tr>
<tr>
<td>Household (Rent, utilities, groceries, etc.)</td>
<td>42%</td>
</tr>
<tr>
<td>Food/ meals</td>
<td>50% 13%</td>
</tr>
</tbody>
</table>

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P2P comprises more than 1/3 of all repayments between friends
Average American sends more than $1500 to friends thru P2P over the course of the year

### Percentage P2P makes of total paybacks
- **36%**
- **Z: 20%**
- **M: 42%**
- **X: 31%**
- **B: 19%**

### Monthly total in paybacks between friends
- **$355**
  - **Z: $272**
  - **M: $439**
  - **X: $288**
  - **B: $297**

### Monthly paybacks in cash / check
- **$228**
  - **Z: $218**
  - **M: $257**
  - **X: $199**
  - **B: $240**

### Monthly paybacks in P2P
- **$128**
  - **Z: $53**
  - **M: $182**
  - **X: $89**
  - **B: $57**

### Yearly total in paybacks between friends
- **$4,261**
  - **Z: $3,268**
  - **M: $5,271**
  - **X: $3,457**
  - **B: $3,564**

### Yearly paybacks in cash / check
- **$2,731**
  - **Z: $2,628**
  - **M: $3,083**
  - **X: $2,388**
  - **B: $2,886**

### Yearly paybacks in P2P
- **$1,530**
  - **Z: $640**
  - **M: $2,187**
  - **X: $1,068**
  - **B: $678**

Q3. On average many times per month do you pay someone back using the following payment methods?
Q4. And what is the average amount you pay someone back?
Money issues impact friendships among younger generations
Almost half of Gen Z/Millennials have felt relationship strain over money

Q5. Thinking about the friends you have owed money to, which of the following best describes how owing money has impacted your friendships overall? (Please select one response.)

- Yes 41%
- No 59%

By generation:
- Gen Z: 44%
- Millennials: 44%
- Gen X: 39%
- Boomers: 27%
40% of Americans have friends who do things that can’t be repaid

Friends can’t pay friends back for emotional and social support

Which of the following things do you appreciate most about your friends and feel you owe them for?

- Advice, support, listening: 63%
- Social Life: 49%
- Introducing me to what’s cool (music, restaurants, etc.): 23%
- Travel Companion: 22%
- Exercise Partner: 17%
- Style Advice: 14%

Q7. Now, thinking about the friends that you have and the things you do for one another, which of the following do you agree with? (Please select all that apply.)

Q8. Which of the following things do you appreciate most about your friends and feel you owe them for? (Please select all that apply.)
Friends would pay millions of dollars to repay being set up with husband/wife

Thousands of dollars to friends who help them move

If money were no object, what dollar amount would you place on things friends might have done for you?

<table>
<thead>
<tr>
<th>Activity</th>
<th>Total Mean Dollar($)</th>
<th>Males</th>
<th>Females</th>
<th>Gen Z</th>
<th>Mill.</th>
<th>GenX</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting me up with my husband/wife/partner</td>
<td>$4,400,000</td>
<td>$4,500,000</td>
<td>$4,300,000</td>
<td>$1,910,000</td>
<td>$5,000,000</td>
<td>$2,600,000</td>
<td>$15,900,000</td>
</tr>
<tr>
<td>Helping me on moving day</td>
<td>$4,284</td>
<td>$997</td>
<td>$7,551</td>
<td>$1,034</td>
<td>$1,327</td>
<td>$8,483</td>
<td>$381</td>
</tr>
<tr>
<td>Going on trips with me</td>
<td>$1,675</td>
<td>$734</td>
<td>$2,619</td>
<td>$2,126</td>
<td>$2,244</td>
<td>$1,118</td>
<td>$934</td>
</tr>
<tr>
<td>Throwing a surprise birthday party for me</td>
<td>$1,145</td>
<td>$1,194</td>
<td>$1,101</td>
<td>$2,092</td>
<td>$1,491</td>
<td>$653</td>
<td>$1,111</td>
</tr>
<tr>
<td>Getting tickets to a sold out concert</td>
<td>$767</td>
<td>$735</td>
<td>$802</td>
<td>$1,950</td>
<td>$1,206</td>
<td>$223</td>
<td>$164</td>
</tr>
<tr>
<td>Picking me up from the airport</td>
<td>$605</td>
<td>$586</td>
<td>$627</td>
<td>$1,820</td>
<td>$617</td>
<td>$466</td>
<td>$286</td>
</tr>
<tr>
<td>Working out with me at the gym</td>
<td>$524</td>
<td>$545</td>
<td>$505</td>
<td>$404</td>
<td>$619</td>
<td>$504</td>
<td>$101</td>
</tr>
<tr>
<td>Getting a reservation at a hot new restaurant</td>
<td>$175</td>
<td>$227</td>
<td>$123</td>
<td>$387</td>
<td>$196</td>
<td>$121</td>
<td>$184</td>
</tr>
<tr>
<td>Letting me borrow that perfect shirt</td>
<td>$132</td>
<td>$147</td>
<td>$118</td>
<td>$306</td>
<td>$151</td>
<td>$83</td>
<td>$164</td>
</tr>
</tbody>
</table>
P2P has created “penny poke” behavior
Almost 40% of Americans send small sums to friends when they aren’t expecting it

Do you ever send small amounts of money ($1-$5) to friends when they aren’t expecting it?

- Yes: 36%
- No: 64%

- To say “Thank you”: 57%
  - Females: 68%
  - Males: 48%
- To cheer them up: 45%
  - Females: 47%
  - Males: 43%
- To say happy birthday: 41%
  - Females: 45%
  - Males: 39%
- To say “Hello”: 29%
  - Females: 32%
  - Males: 28%
- For helping me move: 20%
  - Females: 18%
  - Males: 22%
Data Sources
Data Sources
Study commissioned by PayPal 2017

About Koski Research
Koski Research specializes in custom research solutions that answer the most complex business questions of Fortune 10000 companies. Answers to these questions result in national media coverage, drive business growth and prepare clients for the future. As the creator of the Engagement IQ, a proprietary measurement system that assesses the public’s sentiment of a company based on key social behaviors, Koski Research excels in leveraging research to drive customer engagement.

About PayPal
Fueled by a fundamental belief that having access to financial services creates opportunity, PayPal (Nasdaq: PYPL) is committed to democratizing financial services and empowering people and businesses to join and thrive in the global economy. Our open digital payments platform gives PayPal’s 210 million active account holders the confidence to connect and transact in new and powerful ways, whether they are online, on a mobile device, in an app, or in person. Through a combination of technological innovation and strategic partnerships, PayPal creates better ways to manage and move money, and offers choice and flexibility when sending payments, paying or getting paid. Available in more than 200 markets around the world, the PayPal platform, including Braintree, Venmo and Xoom, enables consumers and merchants to receive money in more than 100 currencies, withdraw funds 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 PayPal financial information, visit https://investor.paypal-corp.com.
Thank You