

PayPal jumps in first trades after spinoff

NEW YORK - Shares in PayPal jumped on Monday in the first day after being spun off by eBay, with the online payments group seeing a market value higher than its former parent...



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In early trades, PayPal was up 5.1 percent at \$40.35, equating to a market capitalization of more than \$49 billion.

Meanwhile eBay rose 0.86 percent to \$28.35, giving the auction giant a value of some \$34 billion.

Analysts at BMO Capital Markets said PayPal is a "unique" opportunity for investors because it has the potential to disrupt the market for personal and online payments.

BMO analyst Paul Condra, in a note to clients, called PayPal the "only truly disruptive consumer payment network with scale and strong brand recognition."

He said it was "uniquely positioned not only as a beneficiary of growth in electronic payments but also as a quasi-disruptor of the incumbent card-based systems (MasterCard/Visa)."

The spinoff, announced last year, came after months of pressure from activist investor Carl Icahn, who had assailed eBay for poor management and claimed that keeping eBay tied with PayPal depressed the value of both units.

eBay acquired PayPal in 2002 for roughly \$1.5 billion in shares, integrating the payment service that had already been widely used for online auctions.

Source: AFP

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