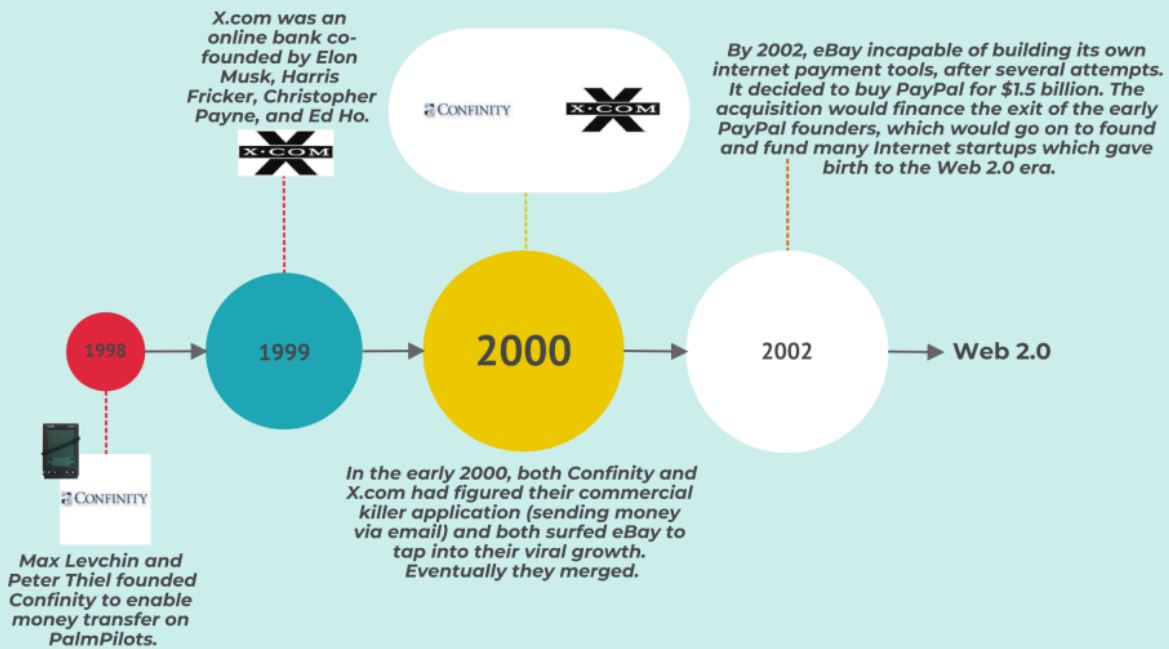


[Gennaro Cuofano. (Feb. 21, 2023). PayPal Mafia: The PayPal Mafia Members In A Nutshell. Four Week MBA. Reproduced for educational purposes only. Fair Use relied upon. Source: <https://fourweekmba.com/paypal-mafia/>]

FourWeekMBA

The PayPal Mafia

The PayPal Mafia describes a group of former PayPal employees and founders who have since become involved with other tech companies. While most know SpaceX founder Elon Musk's association with PayPal, the company also has links with YouTube, LinkedIn, and Yelp, among many others. In addition to founding these generation-defining companies, the members of the PayPal Mafia are some of the richest men in Silicon Valley.



FourWeekMBA

PayPal Mafia: The PayPal Mafia Members In A Nutshell

Business / By Gennaro Cuofano / February 21, 2023

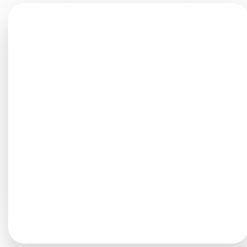
Listen to this content

00:00 / 05:21

1x

The PayPal Mafia describes a group of former [PayPal](#) employees and founders who have since become involved with other tech companies. While most know [SpaceX](#) founder Elon Musk's association with [PayPal](#), the company also has links with YouTube, LinkedIn, and

Yelp, among many others. In addition to founding these generation-defining companies, the members of the PayPal Mafia are some of the richest men in Silicon Valley.



2. The History of PayPal with Jimmy Soni [Four...

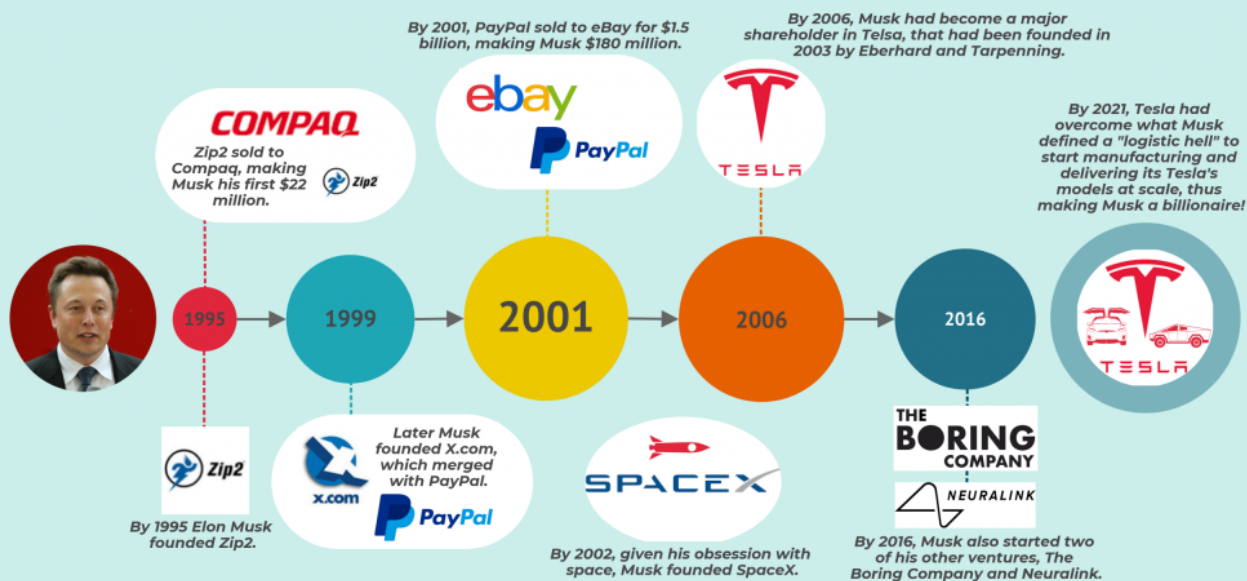
Feb 2022 · FourWeekMBA

1:19:20

Elon Musk

The Elon Musk Entrepreneurial Story

Elon Musk, seen as one of the most visionary tech entrepreneurs from the Silicon Valley scene, started his "career" as an entrepreneur at an early age. After selling his first startup, Zip2, in 1999, he made \$22 million, which he used to found X.com, which would later become PayPal, and sell for over a billion to eBay (Musk made \$180 million from the deal). He founded other companies like Tesla (he didn't start it but became a major investor in the early years) and SpaceX. Tesla started as an electric sports car niche player, eventually turned into a mass manufacturing electric car maker.



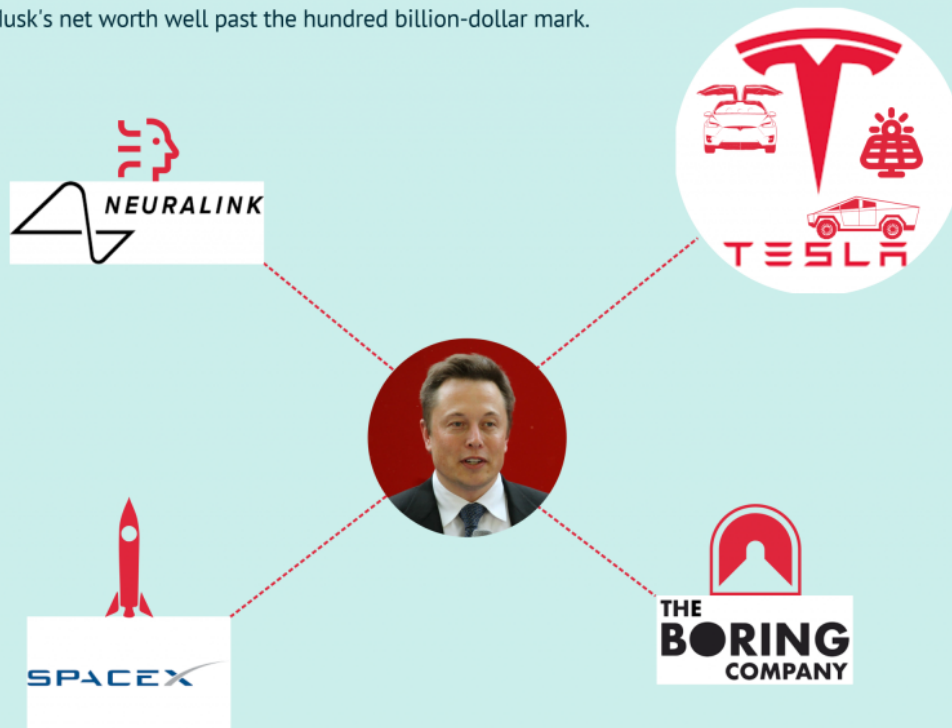
FourWeekMBA

Elon Musk, seen as one of the most visionary tech entrepreneurs from the Silicon Valley scene, started his "career" as an entrepreneur at an early age. After selling his first startup, Zip2, in 1999, he made \$22 million, which he used to found X.com, which would later become PayPal, and

sell for over a billion to eBay (Musk made \$180 million from the deal). He founded other companies like [Tesla](#) (he didn't start it but became a major investor in the early years) and SpaceX. [Tesla](#) started as an electric sports car [niche](#) player, eventually turned into a mass manufacturing electric car maker.

How Does Elon Musk Make Money?

Elon Musk has made most of his money by investing in ideas and companies he is passionate about. After eBay acquired PayPal for \$1.5 billion in 2002, Musk used his personal wealth to fund his new ventures: Tesla and SpaceX. Most of Elon Musk's wealth comes from Tesla, as he's the major shareholder for the company. Making Elon Musk's net worth well past the hundred billion-dollar mark.



FourWeekMBA

Elon Musk has made most of his money by investing in ideas and companies he is passionate about. After eBay acquired PayPal for \$1.5 billion in 2002, Musk used his personal wealth to fund his new ventures: [Tesla](#) and SpaceX. Most of Elon Musk's wealth comes from [Tesla](#), as he's the major shareholder for the company. Making Elon Musk's net worth well past the hundred billion-dollar mark.

Peter Thiel

Often referred to as the “Don” of the PayPal Mafia, Peter Thiel is one of the original co-founders of PayPal.

Thiel earned \$55 million from his 3.7% stake in [PayPal](#) after it was sold to eBay, after which he created the hedge fund Clarium Capital and became the first outside investor in fledgling Facebook.

[His original \\$500,000 investment would now be worth approximately \\$9 billion](#), though the billionaire reduced his holdings by 81% in 2020.

Thiel is also the co-founder of Palantir Technologies, a software and data integration company with clients in the United States Government, military, intelligence, and police.

Jawed Karim

At PayPal, Karim was responsible for implementing the company’s real-time anti-fraud system.

Once his tenure ended, Karim founded YouTube with former PayPal colleagues Steve Chen and Chad Hurley.

Karim continued to act as an advisor while studying computer science at Stanford University.

Once YouTube was acquired by Google, Karim sold his shares which at the time were worth \$64 million.

In 2008, Karim founded Youniversity Ventures with early PayPal investors Kevin Hartz and Keith Rabols. The company helps students and graduates develop viable [business ideas](#).

Jeremy Stoppelman

Jeremy Stoppelman had a very early role at PayPal, joining the company as an engineer while it was still known as X.com. He eventually attained the title of Vice President of Engineering.

Stoppelman was another member of the PayPal Mafia to benefit from the eBay acquisition – at least indirectly.

He founded the online review site Yelp with former colleague Russel Simmons after contracting the flu and experiencing difficulty finding a good doctor.

Reid Hoffman

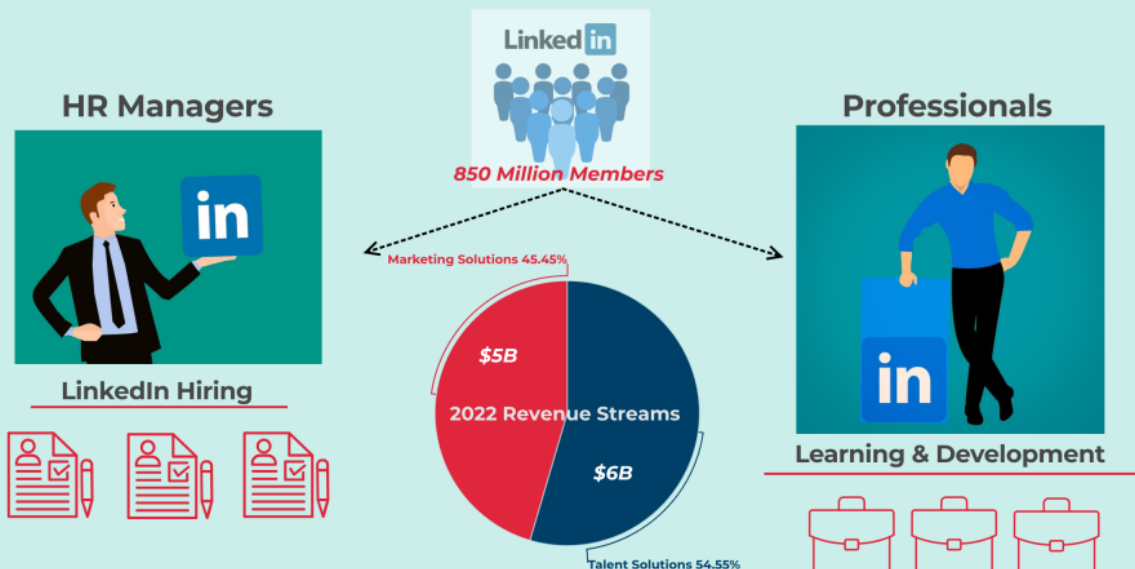
Hoffman joined PayPal as its COO in 2000, handling all external communications. At the time of the eBay acquisition in 2002, he was executive vice president.

Shortly thereafter, Hoffman co-founded LinkedIn – one of the first [business-oriented](#) online social networks.

[LinkedIn was then acquired by Microsoft in June 2016 for \\$26.2 billion](#), with Hoffman taking a seat on the board.

LinkedIn Business Model

LinkedIn is a two-sided platform running on a freemium model, where to unlock unlimited search and other features, you need to switch to a paid account. In addition, LinkedIn is the most successful B2B advertising platform. In fact, by 2022, with over 850 million members, LinkedIn generated over \$6 billion in revenues through its Talent Solutions and over \$5 billion through its Marketing Solutions (B2B advertising platform). Acquired by Microsoft for \$27 billion in 2016, LinkedIn might now be worth anywhere between \$100-150 billion.



FourWeekMBA

LinkedIn is a two-sided **platform** running on a **freemium model**, where to unlock unlimited search and other features, you need to switch to a paid account. In addition, LinkedIn is the most successful B2B advertising platform. In fact, by 2022, with over 850 million members, LinkedIn generated over \$6 billion in revenues through its Talent Solutions and over \$5 billion through its Marketing Solutions (B2B advertising platform). Acquired by Microsoft for \$27 billion in 2016, LinkedIn might now be worth anywhere between \$100-150 billion.

In more recent years, Hoffman has been involved with philanthropic projects.

He currently serves on the boards of the microlending service Kiva and the social change **organization** Do Something.

Hoffman is also associated with Endeavor Global, which identifies and supports entrepreneurs in emerging markets.

Reid Hoffman is the author of [Blitzscaling](#).

What is Blitzscaling?

At its core blitzscaling is about growing at a rate that is so much faster than your competitors that makes you feel uncomfortable. Blitzscaling is prioritizing speed over efficiency in the face of uncertainty

	Efficiency	Speed
Uncertainty	Classic Start-up Growth	Blitzscaling
Certainty	Classic Scale-up Growth	Fastscaling

Stage 1 (Family) 1- 9 employees

Stage 2 (Tribe) 10s employees

Stage 3 (Village) 100s employees

Stage 4 (City) 1000s employees

Stage 5 (Nation) 10000s employees

Business Model Innovation

Blitzscaling

Management Innovation

Growth Strategy

Inspired by Blitzscaling: The Lightning-Fast Path to Building Massively Valuable Companies is a book written by Reid Hoffman (LinkedIn Co-founder) and Chris Yeh

FourWeekMBA

Blitzscaling is a [business](#) concept and a book written by Reid Hoffman (LinkedIn Co-founder) and Chris Yeh. At its core, the concept of Blitzscaling is about growing at a rate that is so much faster than your competitors, that make you feel uncomfortable. In short, Blitzscaling is prioritizing speed over efficiency in the face of uncertainty.

David O. Sacks

David Sacks joined PayPal in 1999 from the [management](#) consultancy firm McKinsey & Company.

As COO before the appointment of Hoffman, Sacks was responsible for project [management](#), [design](#), sales and [marketing](#), customer service, fraud operations, and human resources functions.

During his tenure, [he grew PayPal revenue to 240 million per year](#), introduced [business](#) accounts, and expanded the [platform](#) into multiple currencies and over 80 countries.

Sacks has arguably the most diverse resume of any PayPal Mafia member. In 2005, he produced and financed the satirical comedy *Thank You for Smoking*.

The following year, he founded the genealogy website Geni.com and Yammer, a social [network](#) and productivity tool for internal corporate communication.

Angel investment in technology companies is also a passion for Sacks, having been involved in the industry for two decades. Some of his investments include [Airbnb](#), [Eventbrite](#), [Opendoor](#), [Postmates](#), [Scribd](#), [Slack](#), and [Uber](#).

Max Levchin

Maksymilian Rafailovych “Max” Levchin is a businessman and software engineer of Ukrainian descent.

Levchin, who was born in Kyiv in 1975, emigrated to the United States in 1991 and settled in Chicago. Levin is also the founder of the fintech company Affirm and VC firm HVF.

Levchin’s story is one of the most interesting within the PayPal Mafia as he would be the co-founder of Confinity, which would later merge with X of Elon Musk to form PayPal.

Levchin was among the A Team within PayPal which steered the direction of the company, together with Musk and Thiel.

He would later found [Affirm](#), of which he's the CEO.

Dave McClure

David McClure is an angel investor, [entrepreneur](#), and another member of the PayPal mafia.

Born in Morgantown, West Virginia, McClure graduated from Johns Hopkins University with a Bachelor of Science in Mathematical Engineering in 1988.

While the exact circumstances are unclear, McClure found his way to PayPal in 2001 and served as its director of [marketing](#) until 2004.

Today, he is best known for devising PayPal's developer [network](#) program which enables third parties to extend the platform's functionality.

Dave McClure popularized the concept of the [AARRR Funnel](#) and pirate metrics!

Luke Nosek

Lukasz "Luke" Nosek is a Polish-American [entrepreneur](#) who, like Max Levchin, studied computer science at the University of Illinois Urbana-Champaign.

How did he become affiliated with PayPal?

Nosek left Netscape in 1998 and became involved in the creation of PayPal with university friends Thiel and Levchin.

Initially, Nosek oversaw PayPal's [marketing strategy](#) and managed to [add 1 million users to the platform within six months of launch](#).

He was also responsible for the popular “Instant Transfer” functionality and the platform’s bonus program.

Keith Rabois

Keith Rabois is an American [entrepreneur](#), investor, and lawyer who is best known for his involvement in companies such as PayPal, Lyft, Airbnb, LinkedIn, Slide, Xoom, Yelp, and Square.

Rabois is currently a general partner at Founders Fund which, as we explained earlier, was established by fellow PayPal mafia members Peter Thiel, Luke Nosek, and Ken Howery.

Scott Banister

Scott Banister was an early advisor and board member at PayPal who is today a start-up founder and angel investor. Banister is perhaps best known as the inventor of paid search advertising and the associated keyword auction.

Banister was identified as a member of the PayPal Mafia by David Gelles as an investor in the earliest version of the platform. Banister is also the founder of IronPort Systems, a seller of products to protect enterprises from cyber threats.

[When Cisco purchased IronPort in 2007 for \\$830 million](#), Banister moved into angel investing among other pursuits and has been compared to Peter Thiel for his prolific activity and success in the industry.

Ken Howery

Ken Howery is an American [entrepreneur](#) who was part of the founding team at PayPal. Between 1998 and 2002, Howery served as the company's CFO. After it was acquired by eBay, he briefly served that company as its Director of Corporate Development. In 2004, Howery was reunited with fellow PayPal co-founder Peter Thiel at Clarium Capital.

Howery co-founded the Founders Fund with various other PayPal mafia members in 2005. The San Francisco-based VC firm [has around \\$11 billion in capital under management](#) with investments such as SpaceX, Palantir, Stripe, Anduril, Facebook, and Airbnb.

Eric Jackson

Eric M. Jackson worked in senior roles in [marketing](#) at PayPal between 1999 and 2003. He ran the company's first campaign to eBay customers in 2000 and developed a way to upsell customers with free accounts to a paid option.

Post-PayPal, Jackson founded the media firm World Ahead Media and made it profitable after just three years before it was acquired in 2008. In 2010, he co-founded Caplinked with Christopher Grey – a company that provides a safe and fast cloud-based [platform](#) for various transactions such as mergers and acquisitions, real estate deals, and capital raises.

A decade later, Jackson co-founded TransitNet which claims to be building the world's first crypto title registry.

Premal Shah

Premal Shah is an American [entrepreneur](#) of Indian descent. According to his LinkedIn profile, Shah spent just over six years at PayPal as one of the company's first [product](#) managers. In October 2005, Shah also founded the microfinance non-profit Kiva with Jessica Jackley. The Kiva

community has now funded over [\\$1.6 billion in loans for underprivileged entrepreneurs](#).

In addition to his role at Kiva, Shah is also the president of Branch International. The company is similar to Kiva in that it seeks to scale app-based microfinance across India and Africa. He is also the co-founder and chair of an initiative to accelerate sustainable energy adoption in the aforementioned areas. The initiative, which Shah describes as the “*Kiva for climate*”, can be accessed at [Renewables.org](#).

Russel Simmons

Russel Simmons started at PayPal in January 1999 as its first engineer and worked on the team that built the first PayPal system from scratch. His work primarily involved software-related aspects such as security, availability, internationalization, scalability, availability, codebase [management](#), technology decisions, and engineer mentoring.

Simmons also co-founded the review site Yelp with Jeremy Stoppelman in 2004. In May 2011, he founded the education start-up Learnirvana. The company’s first [product](#), Lentil, is a way for students to break from traditional educational models and learn by exploring the subjects of their curiosity.

Key takeaways

- The PayPal Mafia describes a group of former PayPal employees and founders who have since become involved with other tech companies. Elon Musk is perhaps the most well-known member.
- Peter Thiel is one of the original co-founders of PayPal and is often referred to as the “Don” of the PayPal mafia. Jawed Karim, responsible for implementing PayPal’s fraud protection system, later founded YouTube with colleagues Steve Chen and Chad Hurley.
- Former COO Reid Hoffman left PayPal after the eBay acquisition to found LinkedIn. David O. Sacks, also a former COO, has produced a

movie and founded a corporate social [network](#) since his time at PayPal. Sacks is also a passionate angel investor.

Read Also: [Zero to One, Blitzscaling](#).

Read More: [How Does TD Ameritrade Make Money](#), [How Does Dave Make Money](#), [How Does Webull Make Money](#), [How Does Betterment Make Money](#), [How Does Wealthfront Make Money](#), [How Does M1 Finance Make Money](#), [How Does Mint Make Money](#), [How Does NerdWallet Make Money](#), [How Does Acorns Make Money](#), [How Does SoFi Make Money](#), [How Does Stash Make Money](#), [How Does Robinhood Make Money](#), [How Does E-Trade Make Money](#), [How Does Coinbase Make Money](#), [How Does Affirm Make Money](#), [Fintech Companies And Their Business Models](#).

Is Elon Musk part of the PayPal Mafia?

[Elon Musk](#) is one of PayPal's members. Indeed, Elon Musk founded X.com, which eventually would merge with Confinity to create PayPal.

Who is the richest of the PayPal Mafia?

Elon Musk is the wealthiest of PayPal's members, with a net worth, which in 2022 ranged between \$180-230 billion. [Elon Musk owns Tesla](#), SpaceX, Twitter, The Boring Company, and Neuralink.

Why is it called PayPal Mafia?

The founding team of PayPal created many companies that defined Silicon Valley after the 2000s. Companies like [Tesla](#), SpaceX,

LinkedIn, YouTube, Palantir, and many others came from PayPal's founding team. That is how they got the title of "PayPal Mafia."

Why did PayPal remove Elon?

In an internal war in the year 2000, as [Elon Musk flew to enjoy his honeymoon](#), he was ousted as the company's CEO from the team who led the coupe (Levchin and Sachs primarily, as they wanted to bring back Peter Thiel as CEO of the company). Eventually, as Musk was on his plane back to California, he could not fight back and got ousted as CEO. Musk, with the money from PayPal, exists, as it got sold to eBay, founded SpaceX, and invested in [Tesla](#) in the very early days.

Related to PayPal

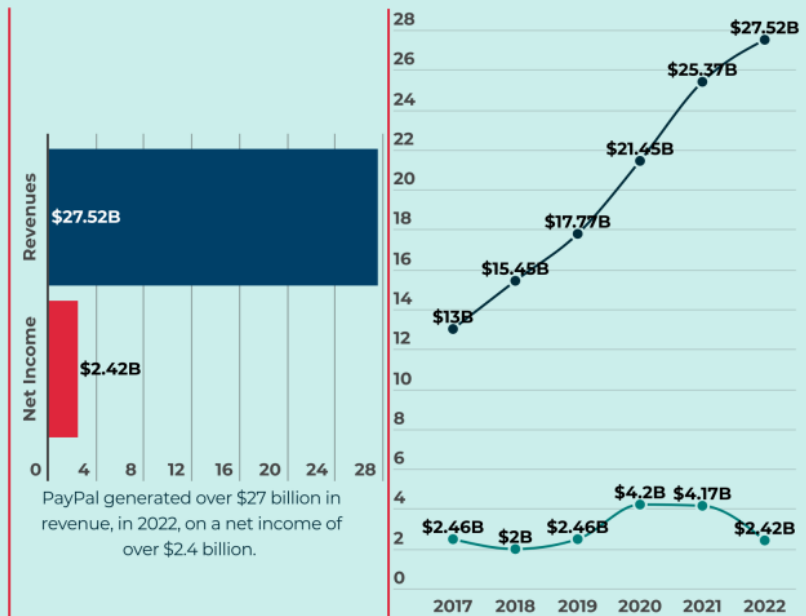
[PayPal Business Model](#)

PayPal Business Model In A Nutshell

PayPal makes money primarily by processing customer transactions on the Payments Platform and from other value-added services. Thus, the revenue streams are divided into transaction revenues based on the volume of activity or total payments volume—and value-added services, such as interest and fees earned on loans and interest receivable. In 2022, PayPal generated over \$27.5 billion in revenues and over \$2.4 billion in net profits.



PayPal is an empire spanning fintech companies like Braintree, Venmo, Paydiant, Xoom, iZettle, Hyperwallet, and Honey. Those companies work independently, yet their products are also integrated to offer an end-to-end platform for its consumers and merchants.



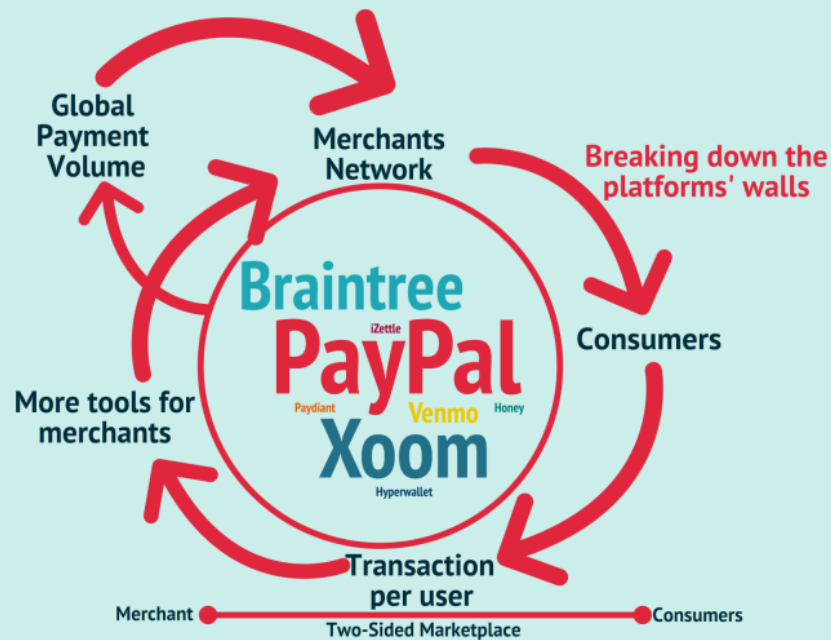
FourWeekMBA

PayPal makes money primarily by processing customer transactions on the Payments Platform and from other value-added services. Thus, the revenue streams are divided into transaction revenues based on the volume of activity or total payments volume—and value-added services, such as interest and fees earned on loans and interest receivable. In 2022, PayPal generated over \$27.5 billion in revenues and over \$2.4 billion in net profits.

PayPal Flywheel

PayPal Flywheel

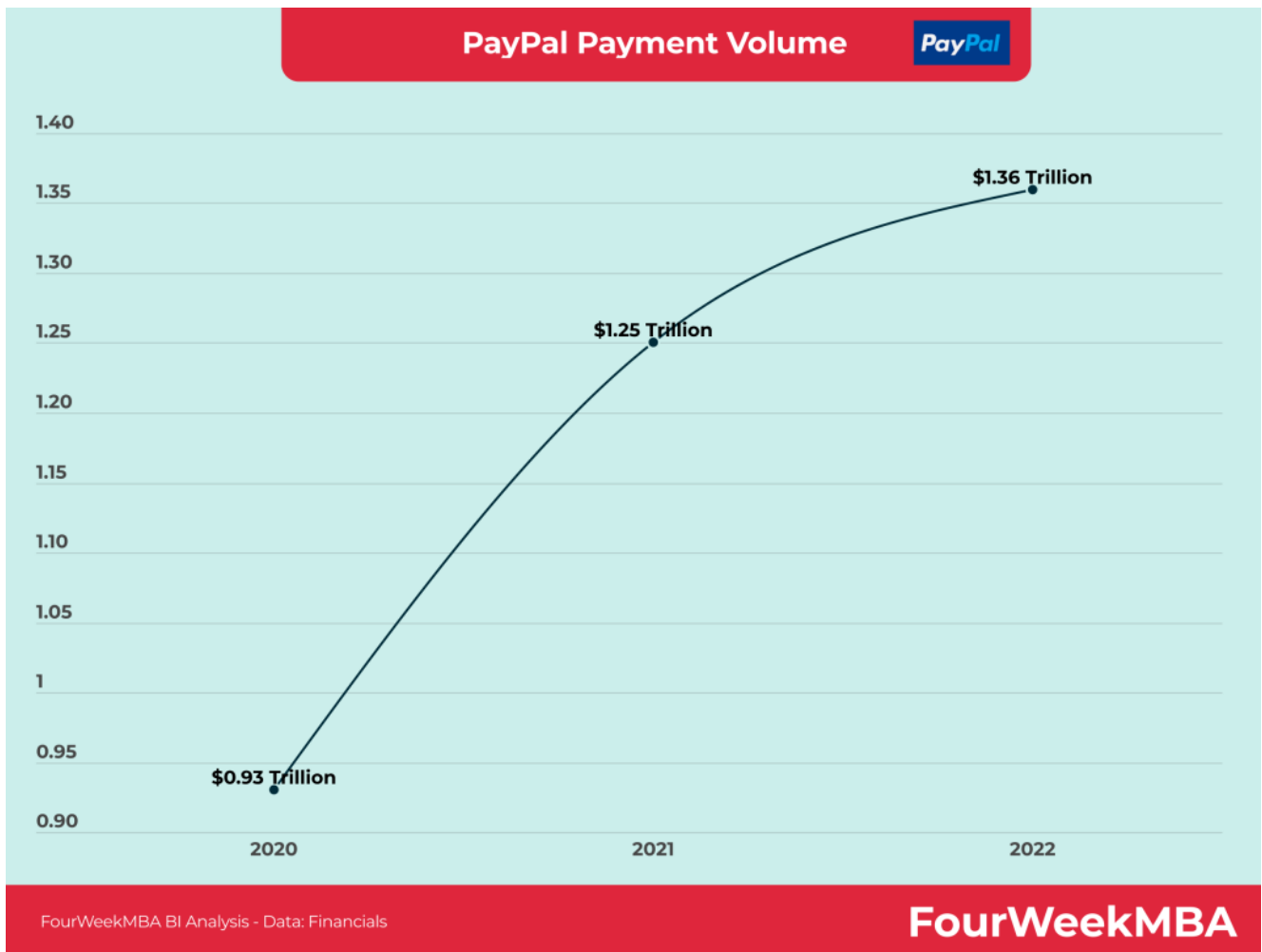
PayPal is a two-sided marketplace which collects a transaction fee for each payment that happens via the platform. PayPal's flywheel is based on creating a stronger and stronger network, where the company provides a suite of services to merchants, and consumers are given affordable digital payment solutions. In 2022, PayPal processed over \$1.35 trillion in global payments.



FourWeekMBA

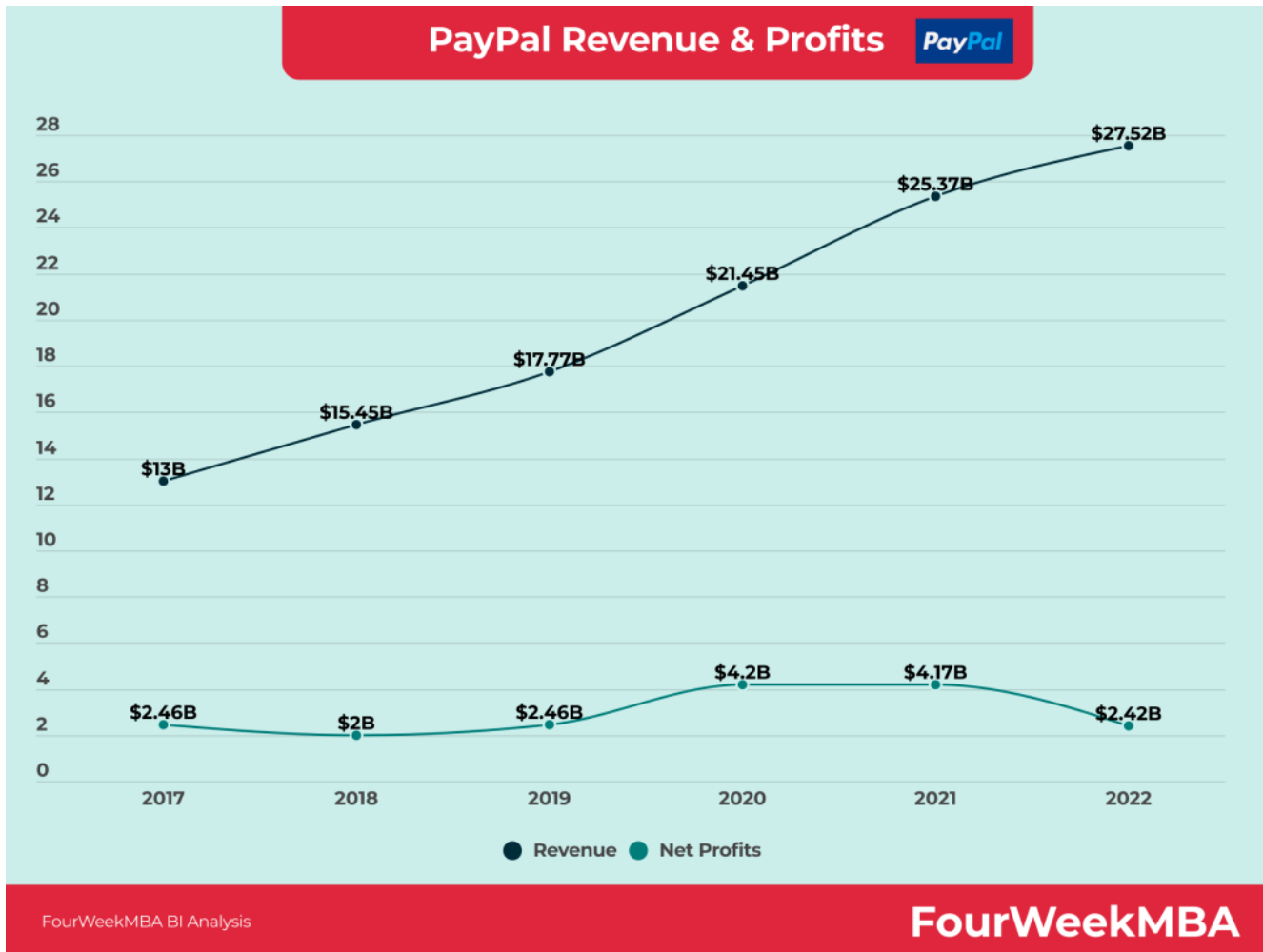
PayPal is a two-sided marketplace which collects a transaction fee for each payment that happens via the platform. PayPal's **flywheel** is based on creating a stronger and stronger **network**, where the company provides a suite of services to merchants, and consumers are given affordable digital payment solutions. In 2022, PayPal processed over \$1.35 trillion in global payments.

PayPal Payment Volume



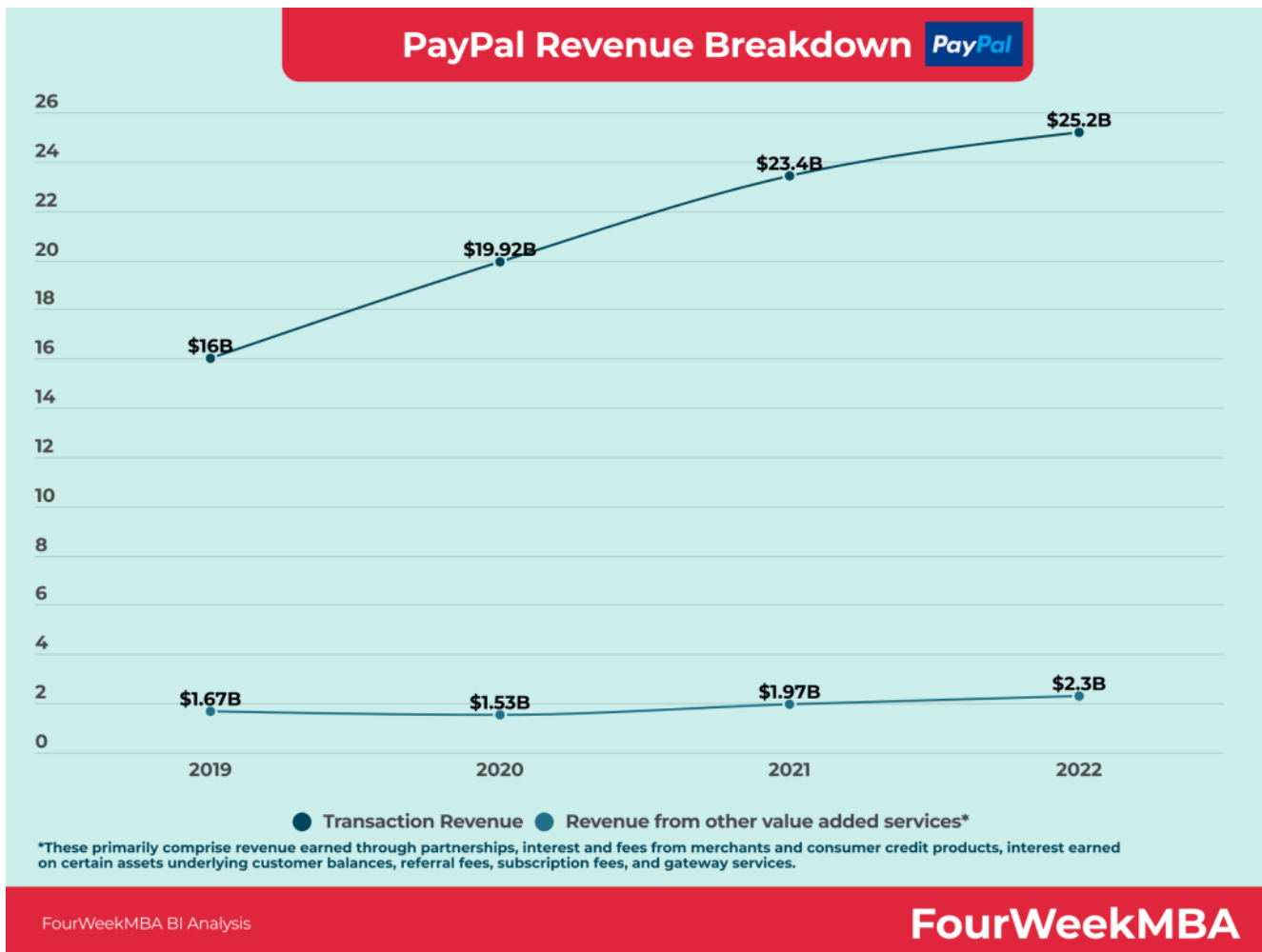
PayPal processed \$1.36 trillion in payment volume in 2022, compared to \$1.25 trillion in 2021—a growth of 9% year over year. In 2020, PayPal passed a trillion-dollar in payment volume, with \$936 billion processed via the platform.

PayPal Revenue



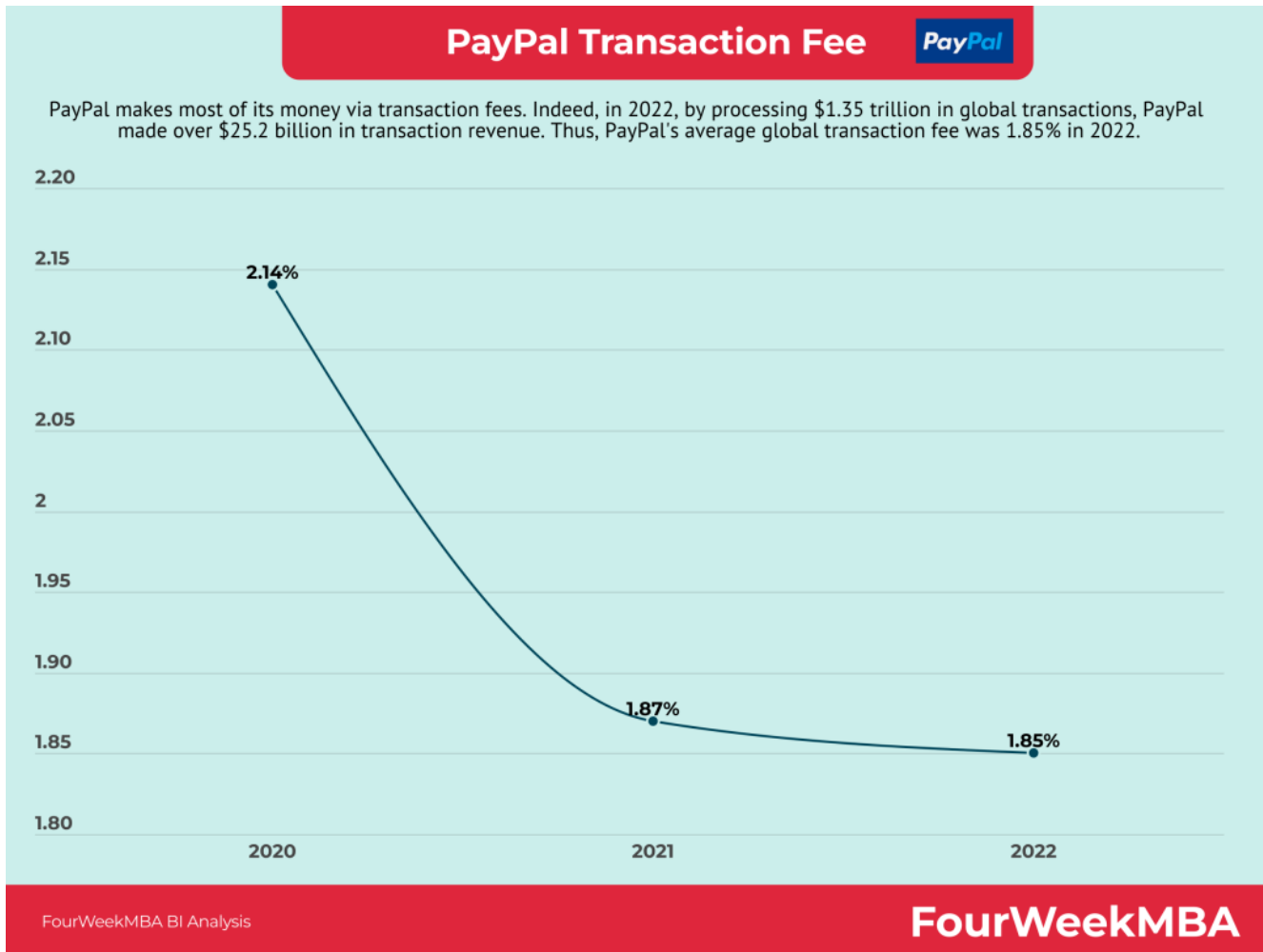
In 2022, PayPal generated over \$27.5 billion in **revenue** compared to over \$2.4 billion in profits. Compared to over \$25 billion in **revenue** and over \$4.1 billion in **revenue** in 2021.

PayPal Revenue Breakdown



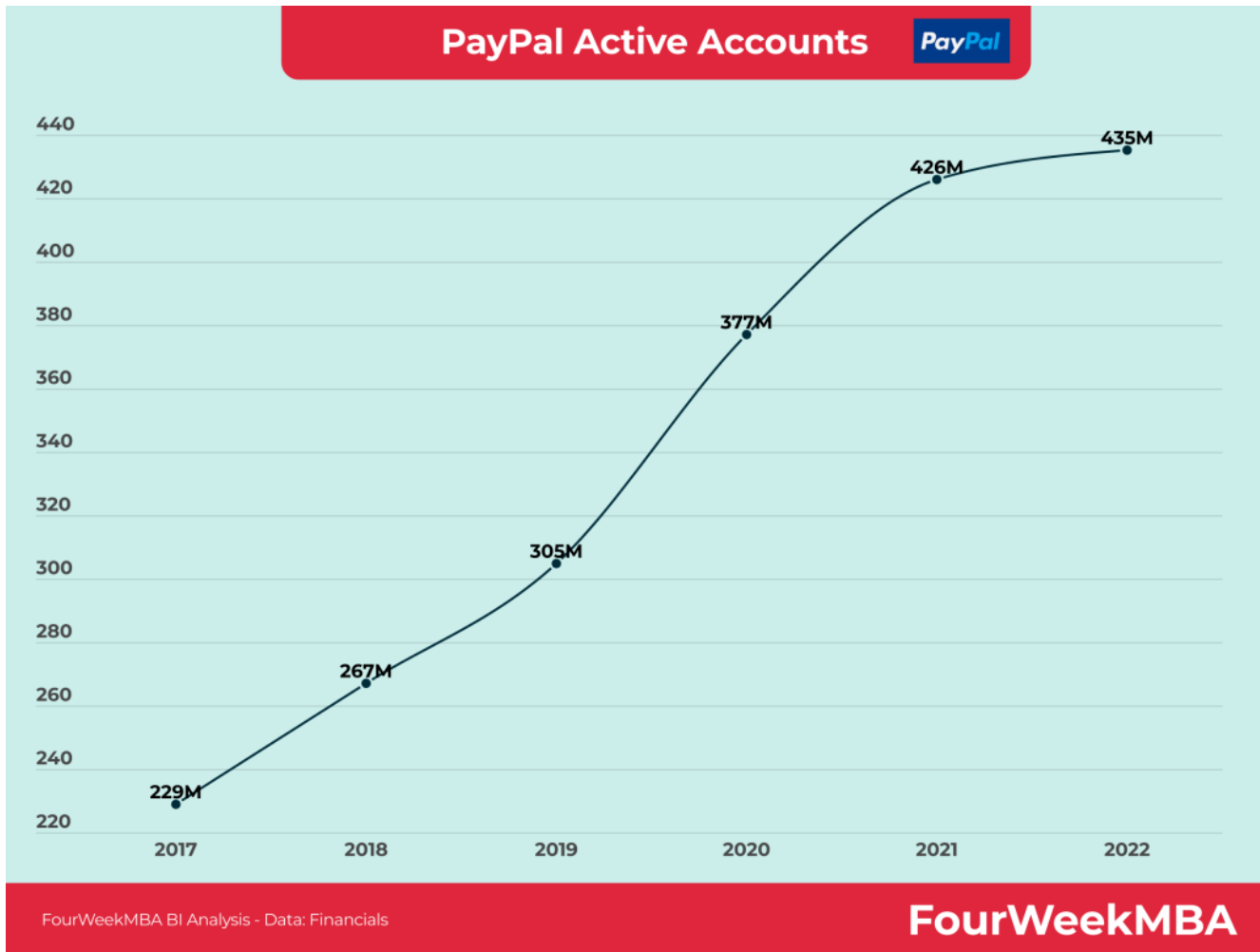
In 2022, of over \$27.5 billion in revenue, over \$25.2 billion came from transaction revenues. Thus, transaction revenue represented 91.6% of total revenue, while revenues from other value-added services (primarily comprising revenue earned through partnerships, interest and fees from merchants and consumer credit products, interest earned on certain assets underlying customer balances, referral fees, subscription fees, and gateway services) were over \$2.3 billion, representing about 8.4% of PayPal's total revenue.

How Much Does PayPal Charge

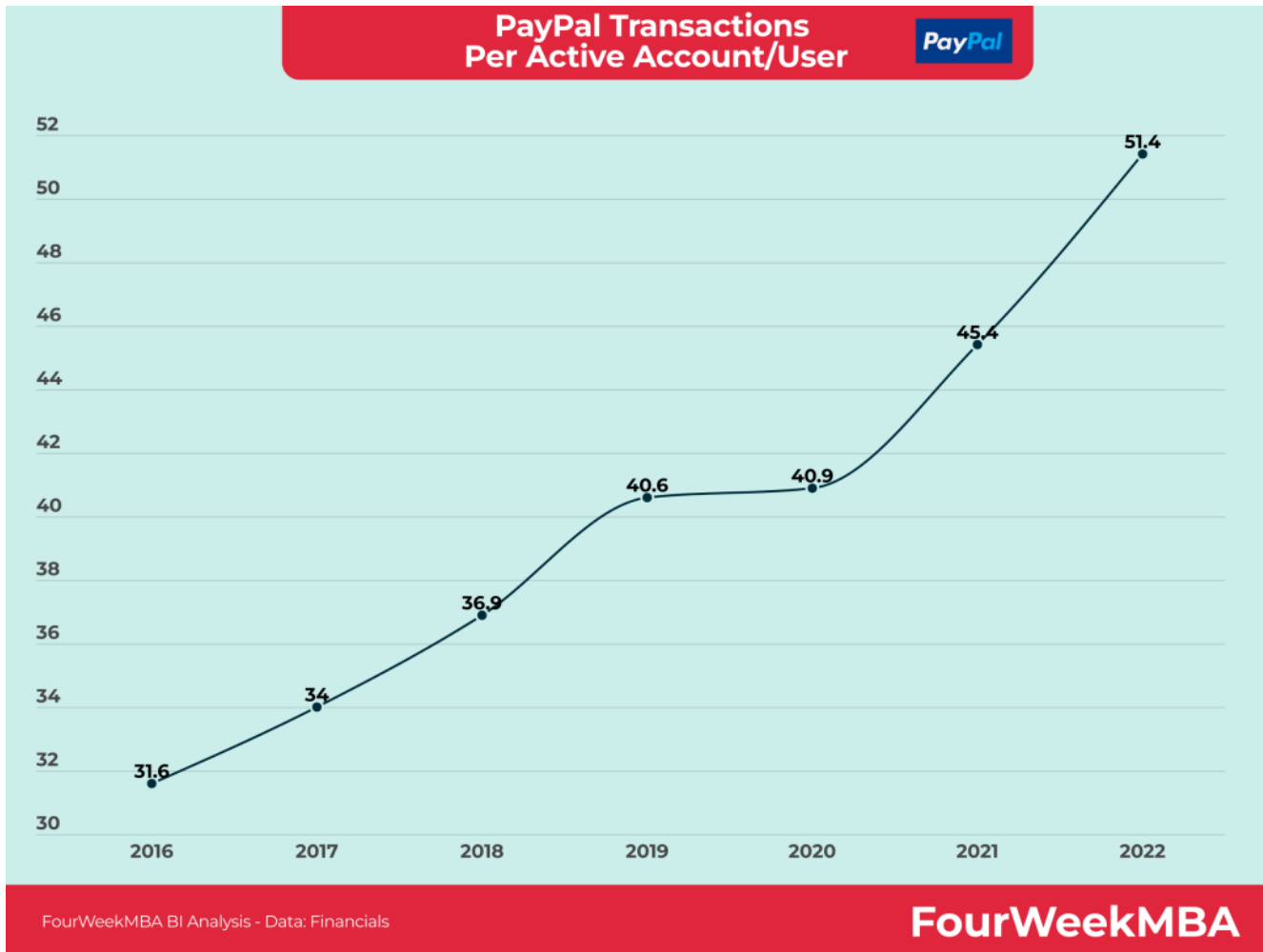


On average, in 2022, PayPal charged a transaction fee of 1.85%, compared to 1.87% in 2021, and 2.14% in 2020.

PayPal Active Accounts



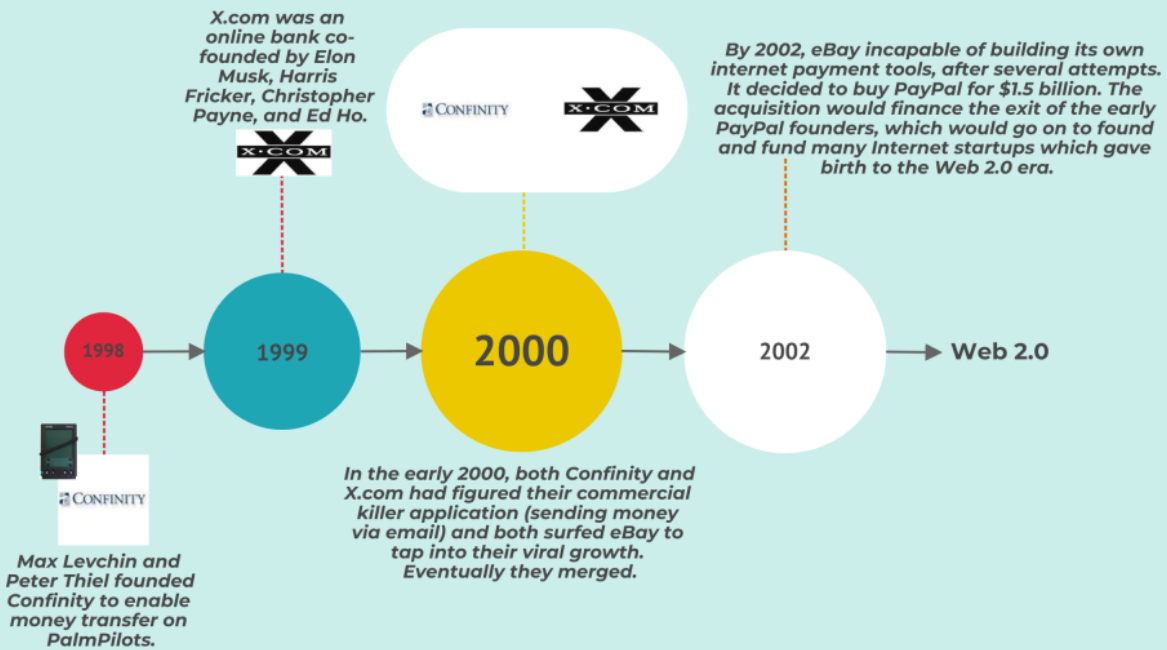
PayPal Transactions Per Active Users



PayPal Mafia

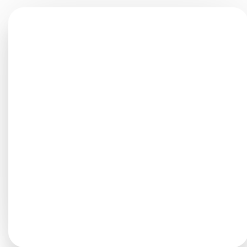
The PayPal Mafia

The PayPal Mafia describes a group of former PayPal employees and founders who have since become involved with other tech companies. While most know SpaceX founder Elon Musk's association with PayPal, the company also has links with YouTube, LinkedIn, and Yelp, among many others. In addition to founding these generation-defining companies, the members of the PayPal Mafia are some of the richest men in Silicon Valley.



FourWeekMBA

The PayPal Mafia describes a group of former PayPal employees and founders who have since become involved with other tech companies. While most know SpaceX founder Elon Musk's association with PayPal, the company also has links with YouTube, LinkedIn, and Yelp, among many others. In addition to founding these generation-defining companies, the members of the PayPal Mafia are some of the richest men in Silicon Valley.



2. The History of PayPal with Jimmy Soni [Four...

Feb 2022 · FourWeekMBA

1:19:20

Read More: [How Does TD Ameritrade Make Money](#), [How Does Dave Make Money](#), [How Does Webull Make Money](#), [How Does Betterment](#)

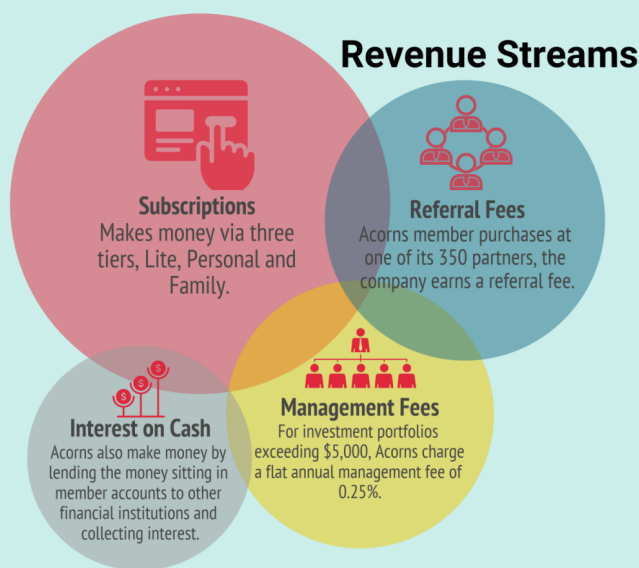
Make Money, How Does Wealthfront Make Money, How Does MI Finance Make Money, How Does Mint Make Money, How Does NerdWallet Make Money, How Does Acorns Make Money, How Does SoFi Make Money, How Does Stash Make Money, How Does Robinhood Make Money, How Does E-Trade Make Money, How Does Coinbase Make Money, How Does Affirm Make Money, Fintech Companies And Their Business Models.

List of FinTech Business Models

Acorns

How Does Acorns Make Money?

Acorns is a fintech platform providing services related to Robo-investing and micro-investing. The company makes money primarily through three subscription tiers: Lite - (\$1/month), which gives users access to Acorns Invest, Personal (\$3/month) that includes Invest plus the Later (retirement) and Spend (personal checking account) suite of products, Family (\$5/month) with features from both the Lite and Personal plans with the addition of Early.



FourWeekMBA

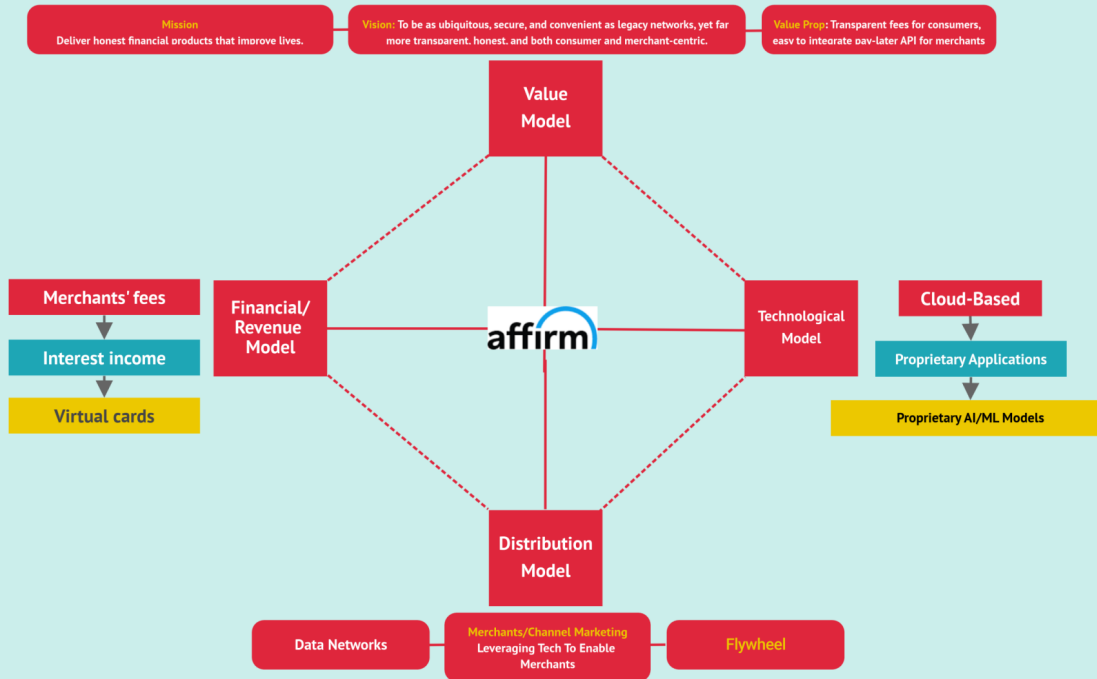
Acorns is a fintech platform providing services related to Robo-investing and micro-investing. The company makes money primarily through three subscription tiers: Lite – (\$1/month), which gives users access to Acorns Invest, Personal (\$3/month) that includes Invest plus the Later (retirement) and Spend (personal checking account) suite of products,

Family (\$5/month) with features from both the Lite and Personal plans with the addition of Early.

Affirm

Affirm Business Model

Started as a pay-later solution integrated to merchants' checkouts, Affirm makes money from merchants' fees as consumers pick up the pay-later solution. Affirm also makes money through interests earned from the consumer loans, when those are repurchased from the originating bank. In 2020 Affirm made 50% of its revenues from merchants' fees, about 37% from interests, and the remaining from virtual cards and servicing fees.



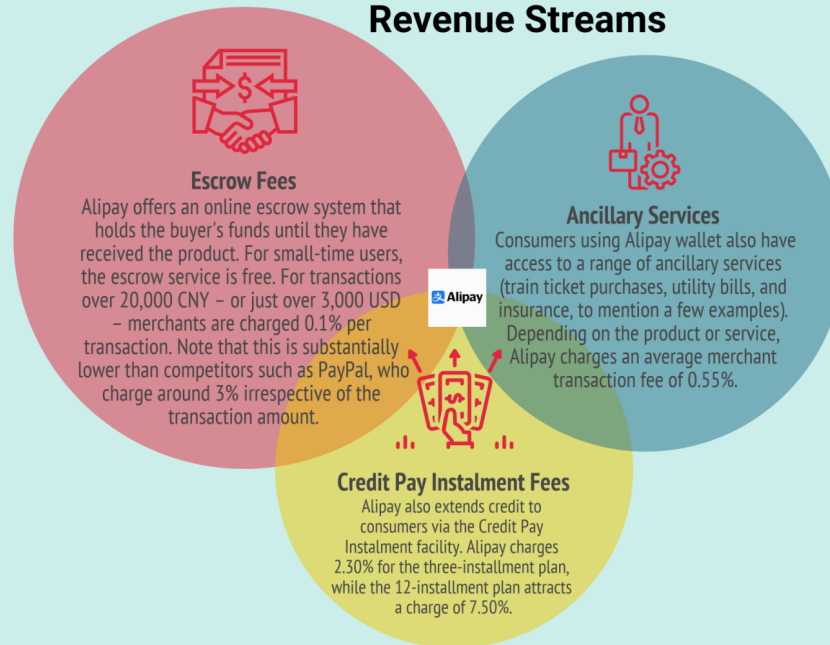
Started as a pay-later solution integrated to merchants' checkouts, Affirm makes money from merchants' fees as consumers pick up the pay-later solution. Affirm also makes money through interests earned from the consumer loans, when those are repurchased from the originating bank. In 2020 Affirm made 50% of its revenues from merchants' fees, about 37% from interests, and the remaining from virtual cards and servicing fees.

Alipay

The Alipay Business Model In A Nutshell

Alipay is a Chinese mobile and online payment platform created in 2004 by entrepreneur Jack Ma as the payment arm of Taobao, a major Chinese eCommerce site. Alipay, therefore, is the B2C component of Alibaba Group. Alipay makes money via escrows transaction fees, a range of value-added ancillary services, and through its Credit Pay Instalment fees.

Revenue Streams



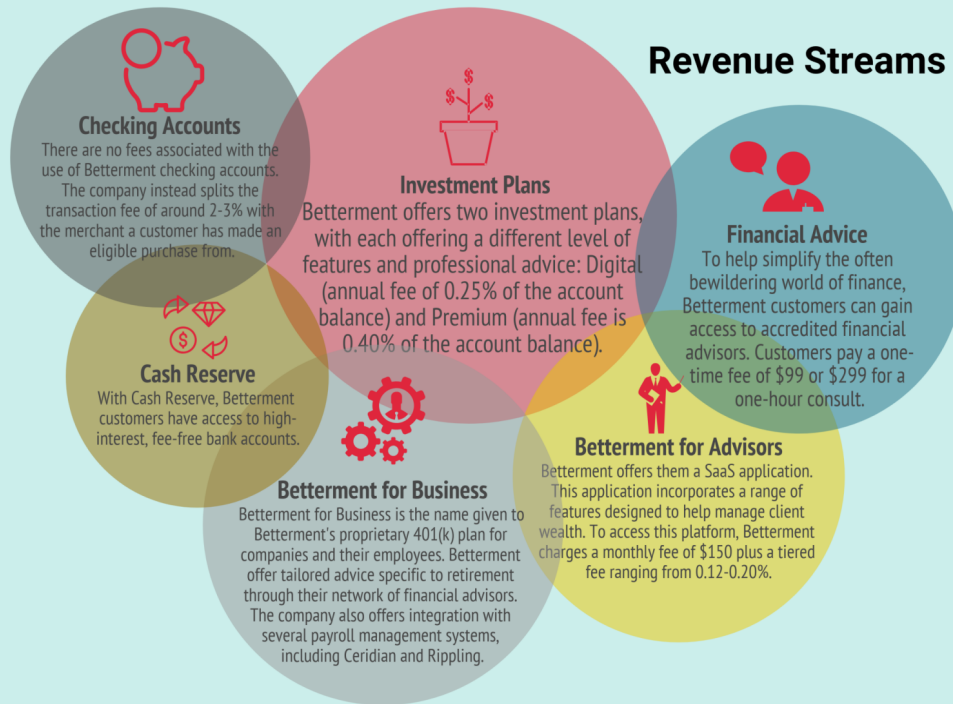
FourWeekMBA

Alipay is a Chinese mobile and online payment **platform** created in 2004 by **entrepreneur** Jack Ma as the payment arm of Taobao, a major Chinese eCommerce site. Alipay, therefore, is the B2C component of Alibaba Group. Alipay makes money via escrows transaction fees, a range of **value**-added ancillary services, and through its Credit Pay Instalment fees.

Betterment

How Does Betterment Make Money?

Betterment is an American financial advisory company founded in 2008 by MBA graduate Jon Stein and lawyer Eli Broverman. Betterment makes money via investment plans, financial advice packages, betterment for advisors, betterment for business, cash reserve, and checking accounts.



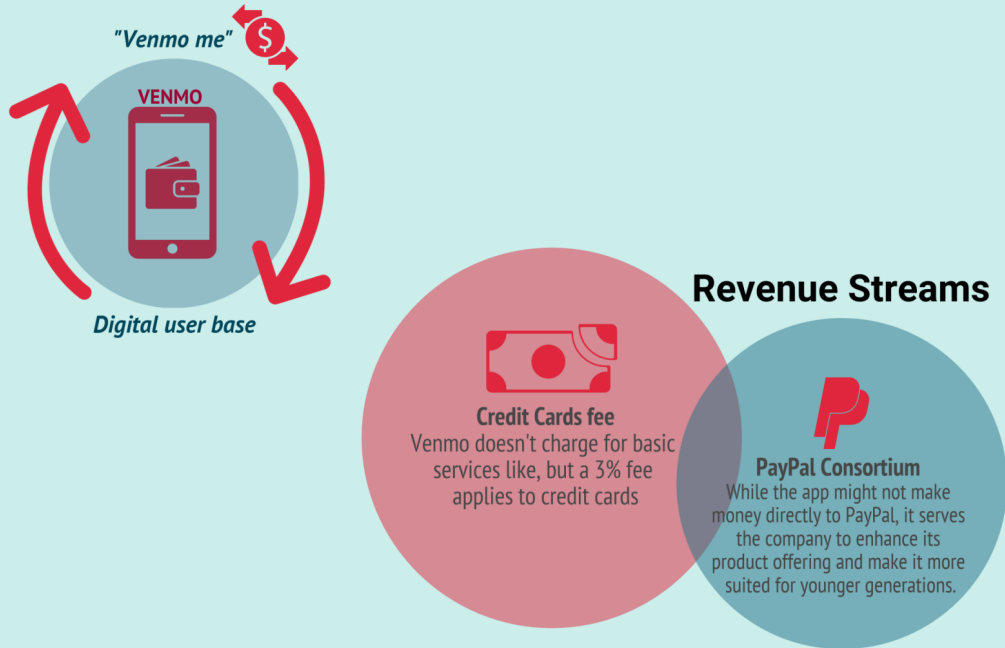
FourWeekMBA

Betterment is an American **financial** advisory company founded in 2008 by MBA graduate Jon Stein and lawyer Eli Broverman. Betterment makes money via investment plans, **financial** advice packages, betterment for advisors, betterment for **business**, **cash** reserve, and checking accounts.

Braintree

How Does Venmo Make Money? Venmo Business Model

Venmo is a peer-to-peer payments app enabling users to share and make payments with friends for a variety of services. **The service is free, but a 3% fee applies to credit cards.** Venmo also launched a debit card in partnership with Mastercard. Venmo got acquired in 2012 by Braintree, and Braintree got acquired in 2013 by PayPal.



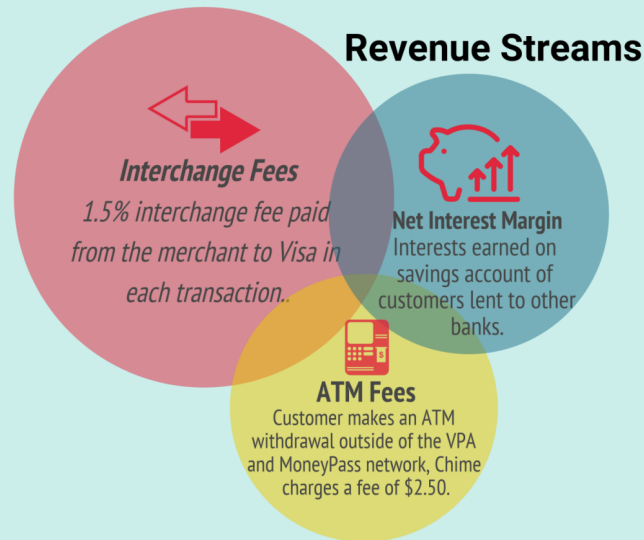
FourWeekMBA

Venmo is a [peer-to-peer](#) payments app enabling users to share and make payments with friends for a variety of services. The service is free, but a 3% fee applies to credit cards. Venmo also launched a debit card in partnership with Mastercard. Venmo got acquired in 2012 by Braintree, and Braintree got acquired in 2013 by [PayPal](#).

Chime

How Does Chime Make Money?

Chime is an American neobank (internet-only bank) company, providing fee-free financial services through its mobile banking app, thus providing personal finance services free of charge while making the majority of its money via interchange fees (paid by merchants when consumers use their debit cards) and ATM fees.



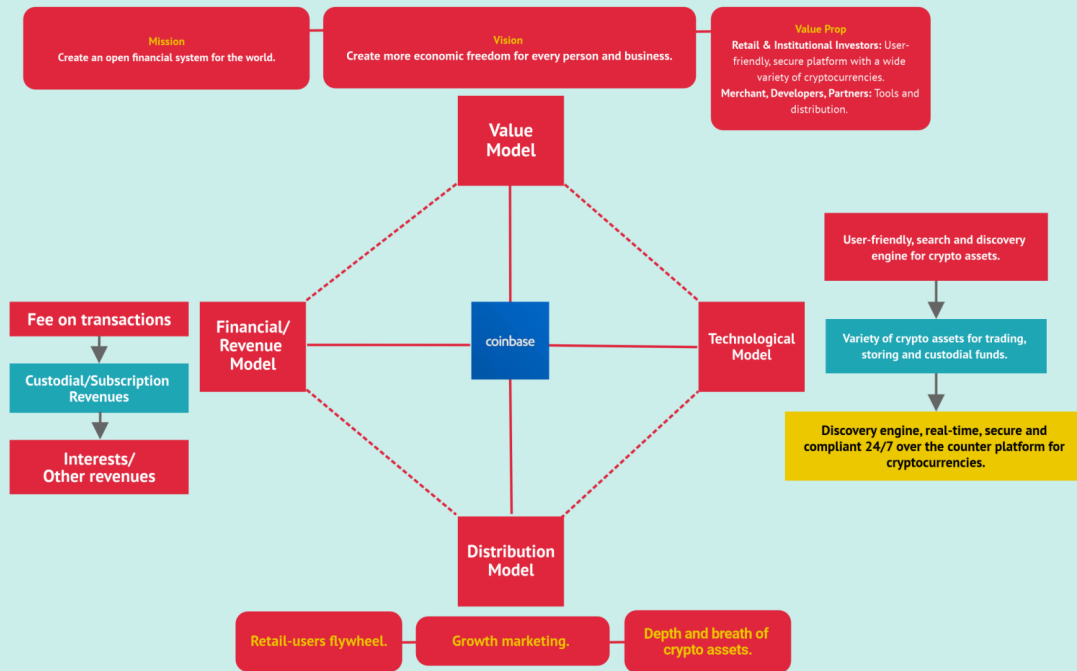
FourWeekMBA

Chime is an American neobank (internet-only bank) company, providing fee-free **financial** services through its mobile banking app, thus providing personal finance services free of charge while making the majority of its money via interchange fees (paid by merchants when consumers use their debit cards) and ATM fees.

Coinbase

Coinbase Business Model

Coinbase is among the most popular platforms for trading and storing crypto-assets, whose mission is "to create an open financial system for the world" by enabling customers to trade cryptocurrencies. Its platform serves both as a search and discovery engine for crypto assets. The company makes money primarily through fees earned for the transactions processed through the platform, custodial services offered, interest, and subscriptions.



FourWeekMBA

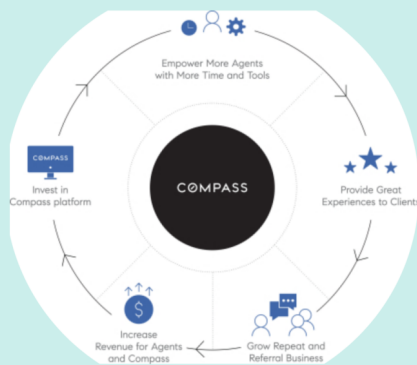
Coinbase is among the most popular platforms for trading and storing crypto-assets, whose mission is “to create an open financial system for the world” by enabling customers to trade cryptocurrencies.

Its platform serves both as a search and discovery engine for crypto assets. The company makes money primarily through fees earned for the transactions processed through the platform, custodial services offered, interest, and subscriptions.

Compass

How Does Compass Make Money?

Compass is a licensed American real-estate broker incorporating online real estate technology as a marketing medium. The company makes money via sales commissions (collected whenever a sale is facilitated or tenants are found for a rental property) and bridge loans (a service allowing the seller to purchase a home before the revenue from the sale of their previous home is available).



The Compass marketing flywheel starts from a key stakeholder: the agent. As more agents are empowered through the platform, they attract, engage and delight buyers. This creates a reputation for the platform, and repeat purchases, that lead to revenue growth, invested back to the development of the technological platform to provide more and more empowering tools for agents.

(Image Source: Compass Financial Prospectus).

Revenue Streams

Sales Commissions

The bulk of Compass revenue generation comes from sales commissions. These are collected whenever a sale is facilitated or tenants are found for a rental property.

Bridge Loans

In 2019, Compass began to offer a bridge loan service in conjunction with mortgage partners Freedom Mortgage and Better Mortgage. Essentially, the service allows the seller to purchase a home before the revenue from the sale of their previous home is available.

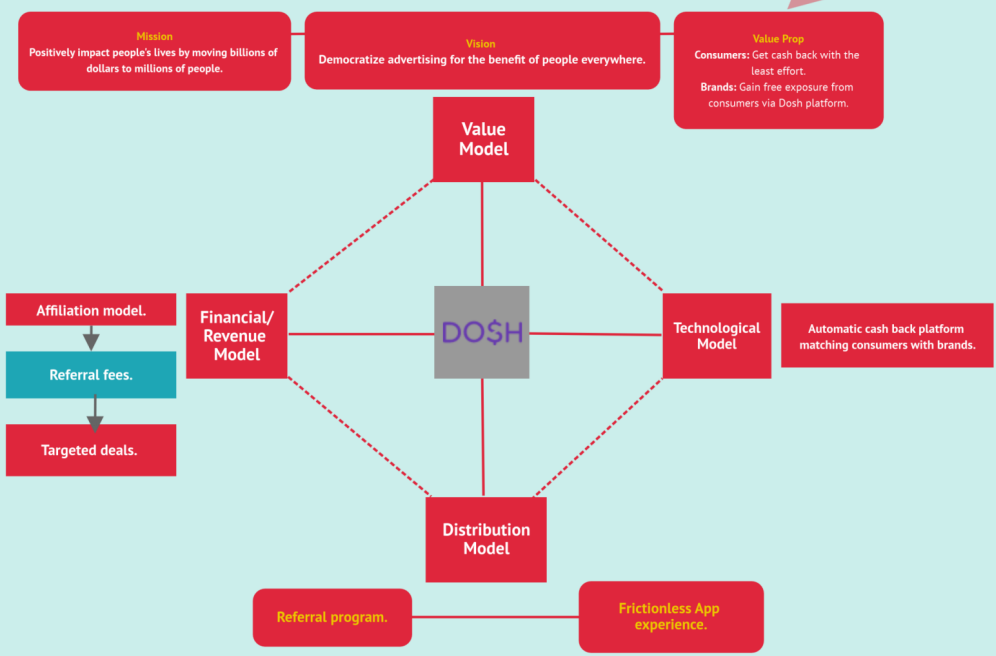
FourWeekMBA

Compass is a licensed American real-estate broker incorporating online real estate technology as a **marketing** medium. The company makes money via sales commissions (collected whenever a sale is facilitated or tenants are found for a rental property) and bridge loans (a service allowing the seller to purchase a home before the **revenue** from the sale of their previous home is available).

Dosh

How Does Dosh Make Money?

Dosh is a Fintech platform that enables automatic cash backs for consumers. Its business model connects major card providers with online and offline local businesses to develop automatic cash back programs. The company makes money by earning an affiliate commission on each eligible sale from consumers.



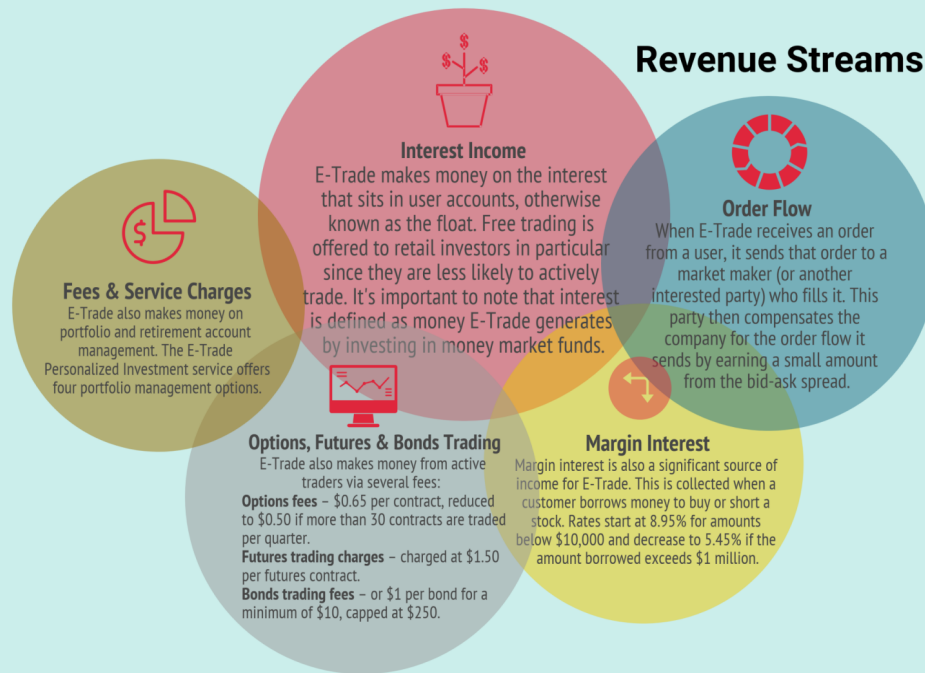
FourWeekMBA

Dosh is a Fintech **platform** that enables automatic **cash** backs for consumers. Its **business model** connects major card providers with online and offline local businesses to develop automatic **cash** back programs. The company makes money by earning an affiliate commission on each eligible sale from consumers.

E-Trade

How Does E-Trade Make Money?

E-Trade is a trading platform, allowing investors to trade common and preferred stocks, exchange-traded funds (ETFs), options, bonds, mutual funds, and futures contracts, acquired by Morgan Stanley in 2020 for \$13 billion. E-Trade makes money through interest income, order flow, margin interests, options, future and bonds trading, and through other fees and service charges.



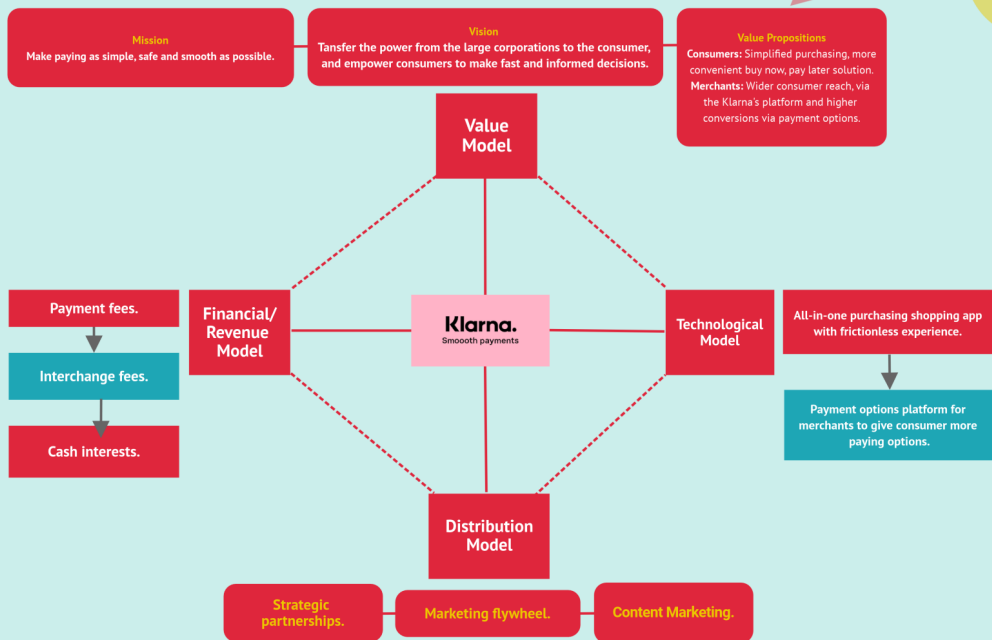
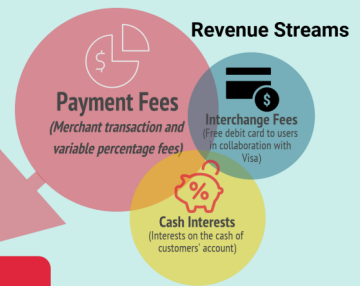
FourWeekMBA

E-Trade is a trading platform, allowing investors to trade common and preferred stocks, exchange-traded funds (ETFs), options, bonds, mutual funds, and futures contracts, acquired by Morgan Stanley in 2020 for \$13 billion. E-Trade makes money through interest [income](#), order flow, [margin](#) interests, options, future and bonds trading, and through other fees and service charges.

Klarna

Klarna Business Model In A Nutshell

Klarna is a financial technology company allowing consumers to shop with a temporary Visa card. Thus it then performs a soft credit check and pays the merchant. Klarna makes money by charging merchants. Klarna also earns a percentage of interchange fees as a commission and for interests earned on customers' accounts.



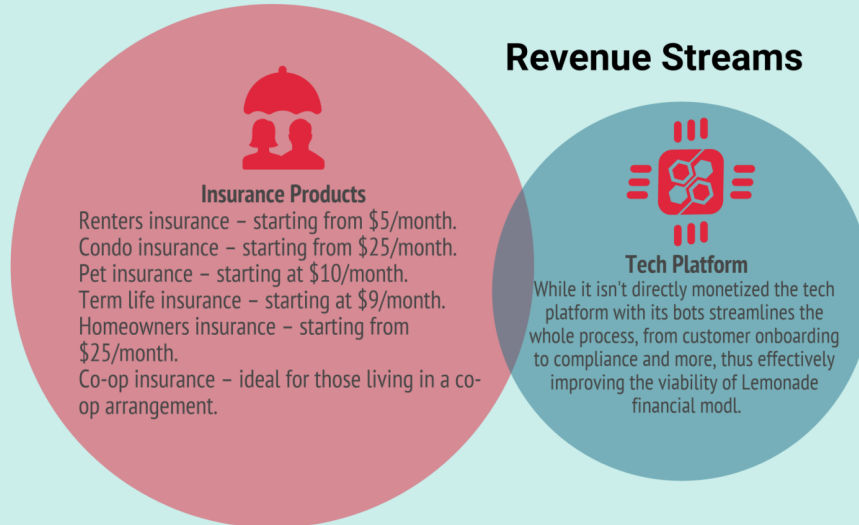
FourWeekMBA

Klarna is a **financial** technology company allowing consumers to shop with a temporary Visa card. Thus it then performs a soft credit check and pays the merchant. Klarna makes money by charging merchants. Klarna also earns a percentage of interchange fees as a commission and for interests earned on customers' accounts.

Lemonade

How Does Lemonade Make Money?

Lemonade is an insurance tech company using behavioral economics and artificial intelligence to process claims efficiently. The company leverages technology to streamline onboarding customers while also applying a financial model to reduce conflicts of interest with customers (perhaps by donating the variable premiums to charity). The company makes money by selling its core insurance products, and via its tech platform, it tries to enhance its sales.



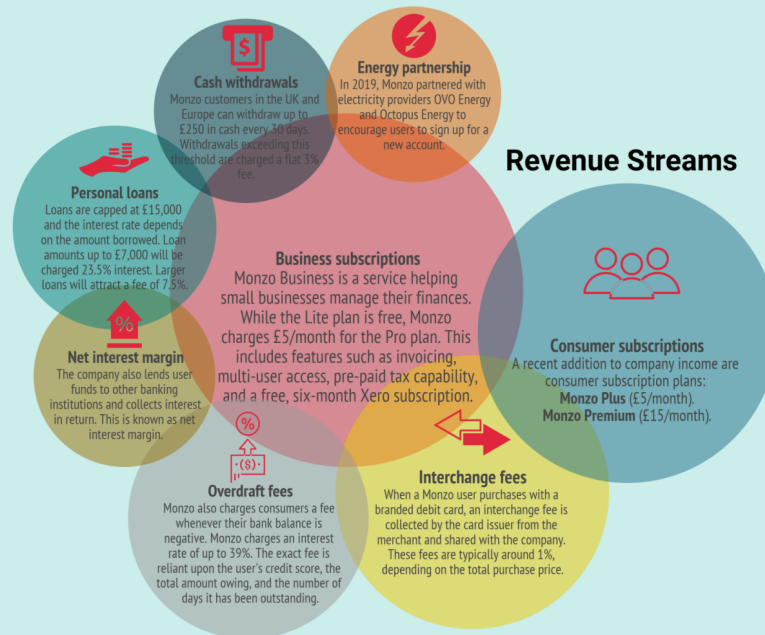
FourWeekMBA

Lemonade is an insurance tech company using behavioral economics and artificial intelligence to process claims efficiently. The company leverages technology to streamline onboarding customers while also applying a [financial model](#) to reduce conflicts of interest with customers (perhaps by donating the variable premiums to charity). The company makes money by selling its core insurance products, and via its tech platform, it tries to enhance its sales.

Monzo

The Monzo Business Model In A Nutshell

Monzo is an English neobank offering a mobile app and a prepaid debit card for consumers and businesses. It was one of the first app-based banks to enter the UK market, founded by Gary Dolman, Jason Bates, Jonas Huckestein, Paul Rippon, and Tom Blomfield in 2015. All were employees of Starling Bank, a similar neobank challenging the dominance of established financial institutions in England. The company enjoys many revenue streams: business and consumer subscriptions, interchange and overdraft fees, personal loans, and more.



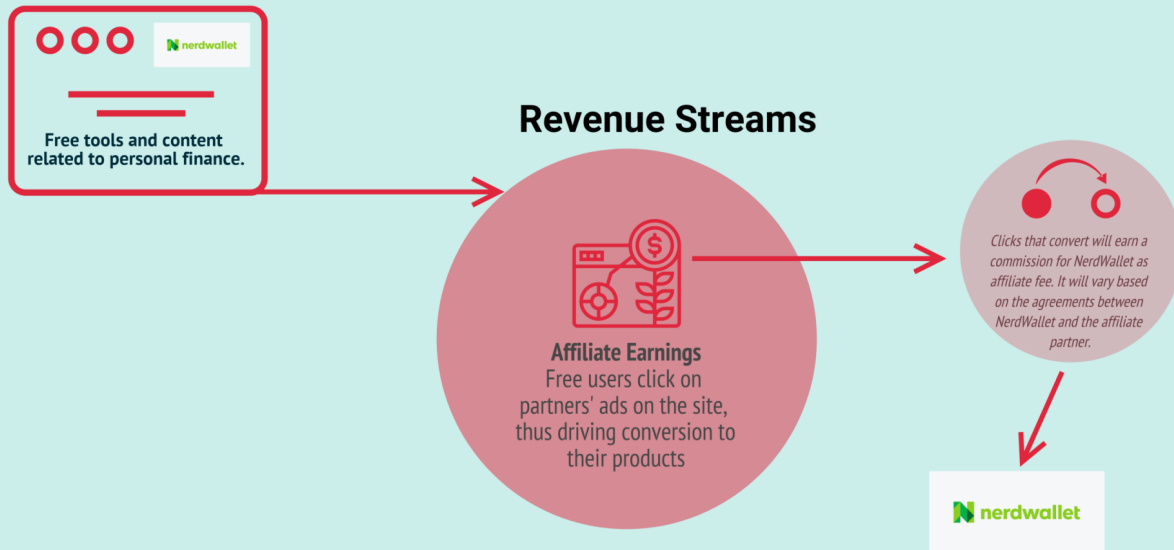
FourWeekMBA

Monzo is an English neobank offering a mobile app and a prepaid debit card for consumers and businesses. It was one of the first app-based banks to enter the UK market, founded by Gary Dolman, Jason Bates, Jonas Huckestein, Paul Rippon, and Tom Blomfield in 2015. All were employees of Starling Bank, a similar neobank challenging the dominance of established **financial** institutions in England. The company enjoys many **revenue** streams: **business** and consumer subscriptions, interchange and overdraft fees, personal loans, and more.

NerdWallet

How Does NerdWallet Make Money?

NerdWallet is an online platform providing tools and tips on all matters related to personal finance. The company gained traction as a simple web application comparing credit cards. NerdWallet makes money via affiliate commissions determined according to the affiliate agreements.



FourWeekMBA

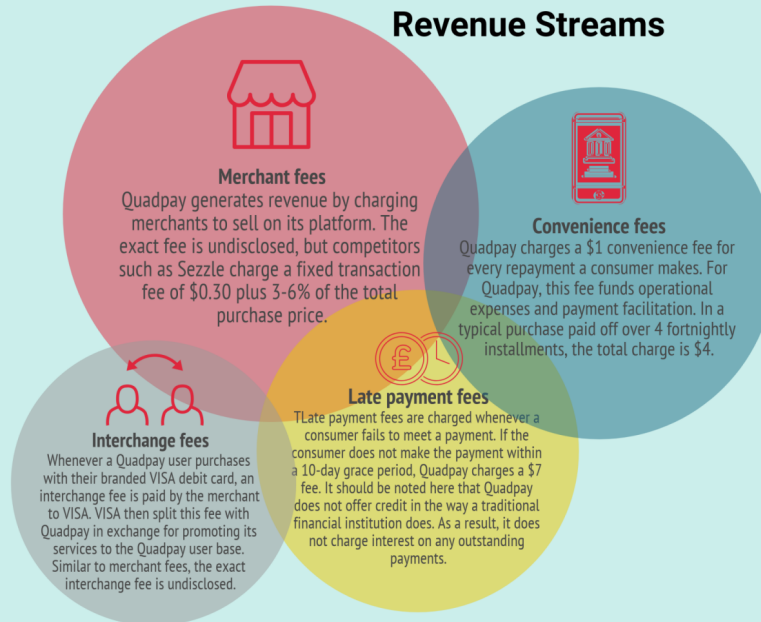
NerdWallet is an online platform providing tools and tips on all matters related to personal finance. The company gained traction as a simple web application comparing credit cards. NerdWallet makes money via affiliate commissions determined according to the affiliate agreements.

Quadpay

The Quadpay Business Model In A Nutshell

Quadpay was an American fintech company founded by Adam Ezra and Brad Lindenberg in 2017. Ezra and Lindenberg witnessed the rising popularity of buy-now-pay-later service Afterpay in Australia and similar service Klarna in Europe. Quadpay collects a range of fees from both the merchant and the consumer via merchandise fees, convenience fees, late payment, and interchange fees.

Revenue Streams



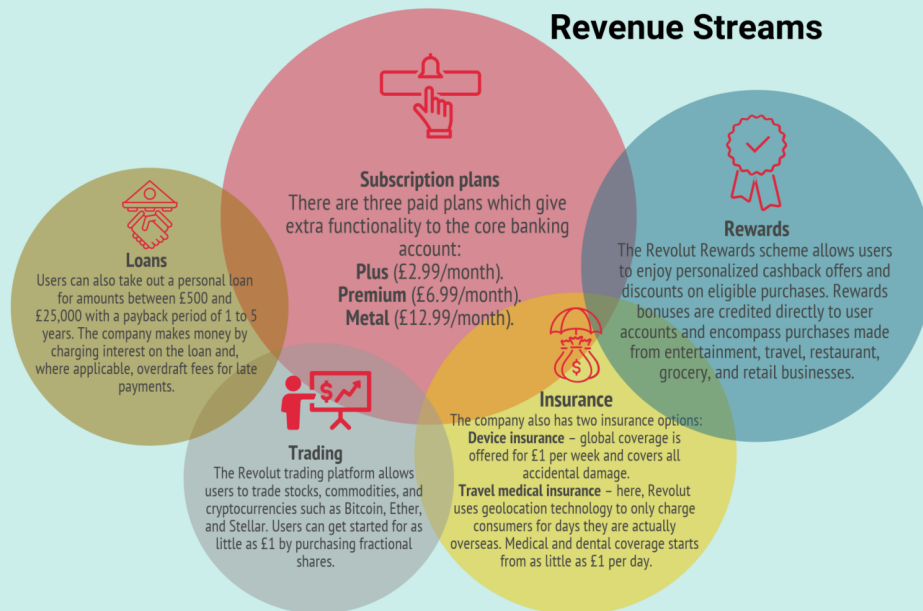
FourWeekMBA

Quadpay was an American fintech company founded by Adam Ezra and Brad Lindenberg in 2017. Ezra and Lindenberg witnessed the rising popularity of buy-now-pay-later service Afterpay in Australia and similar service Klarna in Europe. Quadpay collects a range of fees from both the merchant and the consumer via merchandise fees, convenience fees, late payment, and interchange fees.

Revolut

How Does Revolut Make Money?

Revolut an English fintech company offering banking and investment services to consumers. Founded in 2015 by Nikolay Storonsky and Vlad Yatsenko, the company initially produced a low-rate travel card. Storonsky in particular was an avid traveler who became tired of spending hundreds of pounds on currency exchange and foreign transaction fees. The Revolut app and core banking account are free to use. Instead, money is made through a combination of subscription fees, transaction fees, perks, and ancillary services.



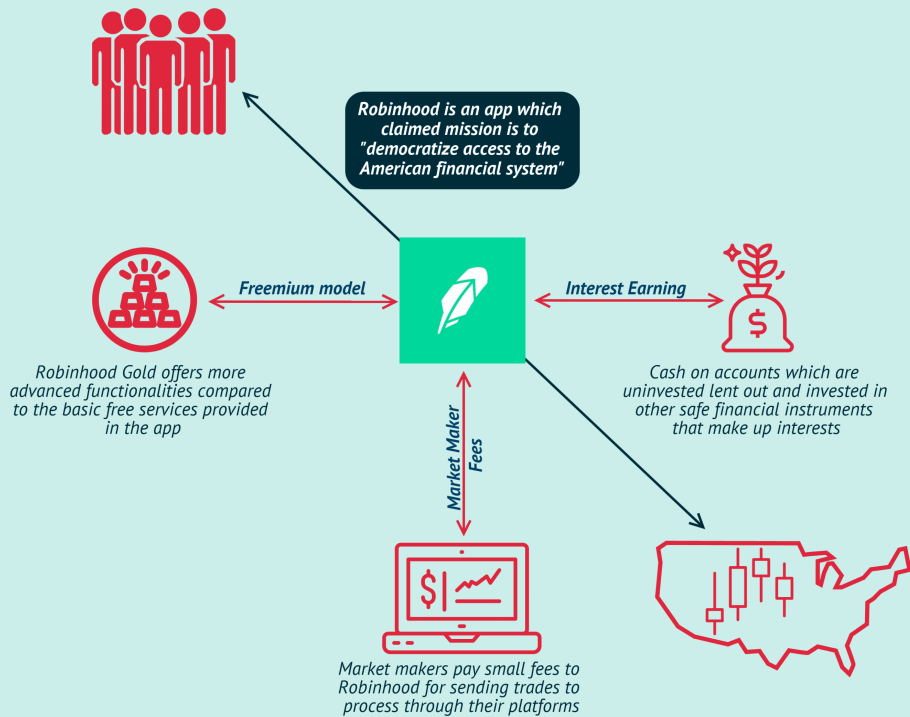
FourWeekMBA

Revolut an English fintech company offering banking and investment services to consumers. Founded in 2015 by Nikolay Storonsky and Vlad Yatsenko, the company initially produced a low-rate travel card. Storonsky in particular was an avid traveler who became tired of spending hundreds of pounds on currency exchange and foreign transaction fees. The Revolut app and core banking account are free to use. Instead, money is made through a combination of [subscription](#) fees, transaction fees, perks, and ancillary services.

Robinhood

Robinhood Business Model In A Nutshell

Robinhood is an app that helps you "invest in stocks, ETFs, options, and cryptocurrencies, all commission-free, right from your phone or desktop." Robinhood earns money by offering: Robinhood Gold, a margin trading service, which starts at \$6 a month, earn interests from customer cash and stocks, just like a bank collects interest on cash deposits, and from rebates from market makers and trading venues.



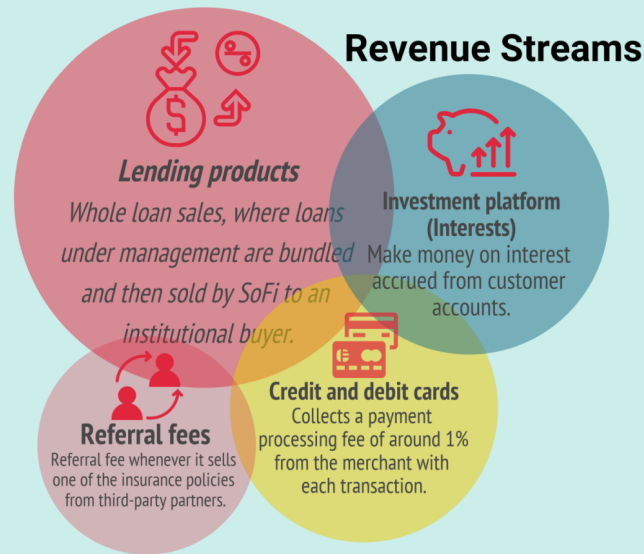
FourWeekMBA.com

Robinhood is an app that helps to invest in stocks, ETFs, options, and cryptocurrencies, all commission-free. Robinhood earns money by offering: Robinhood Gold, a **margin** trading service, which starts at \$6 a month, earn interests from customer **cash** and stocks, and rebates from market makers and trading venues.

SoFi

How Does SoFi Make Money?

SoFi is an online lending platform that provides affordable education loans to students, and it expanded into financial services, including loans, credit cards, investment services, and insurance. It makes money primarily via payment processing fees and loan securitization.



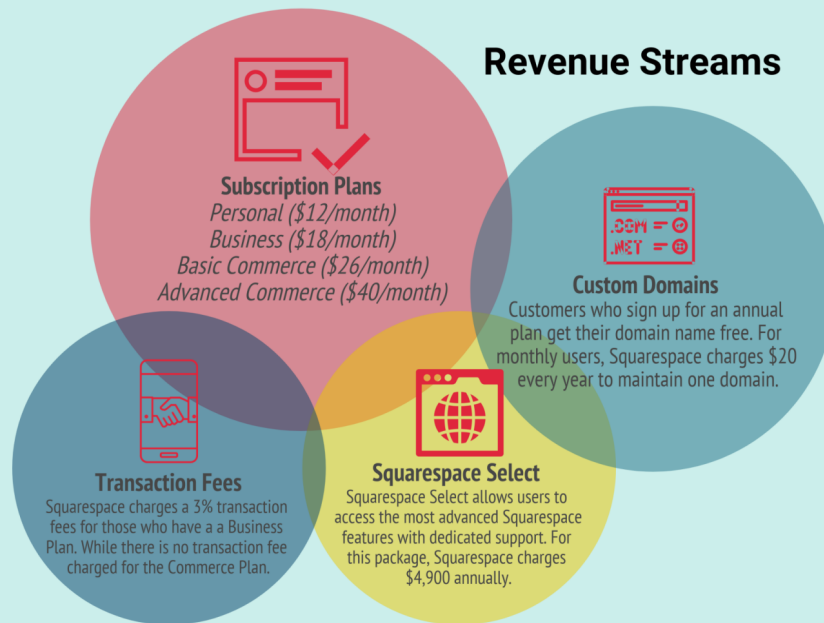
FourWeekMBA

SoFi is an online lending **platform** that provides affordable education loans to students, and it expanded into **financial** services, including loans, credit cards, investment services, and insurance. It makes money primarily via payment processing fees and loan securitization.

Squarespace

How Does Squarespace Make Money?

Squarespace is a North American hosting and website building company. Founded in 2004 by college student Anthony Casalena as a blog hosting service, it grew to become among the most successful website building companies. The company mostly makes money via its subscription plans. It also makes money via customizations on top of its subscription plans. And in part also as transaction fees for the website where it processes the sales.



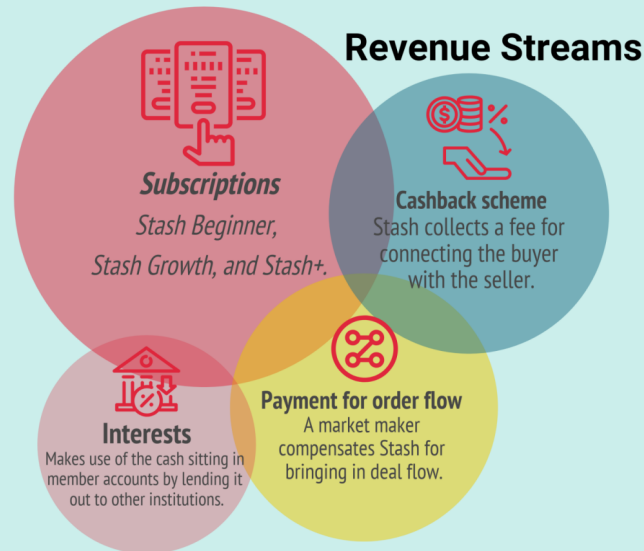
FourWeekMBA

Squarespace is a North American hosting and website building company. Founded in 2004 by college student Anthony Casalena as a blog hosting service, it grew to become among the most successful website building companies. The company mostly makes money via its [subscription](#) plans. It also makes money via customizations on top of its [subscription](#) plans. And in part also as transaction fees for the website where it processes the sales.

Stash

How Does Stash Make Money?

Stash is a FinTech platform offering a suite of financial tools for young investors, coupled with personalized investment advice and life insurance. The company primarily makes money via subscriptions, cashback, payment for order flows, and interest for cash sitting on members' accounts.



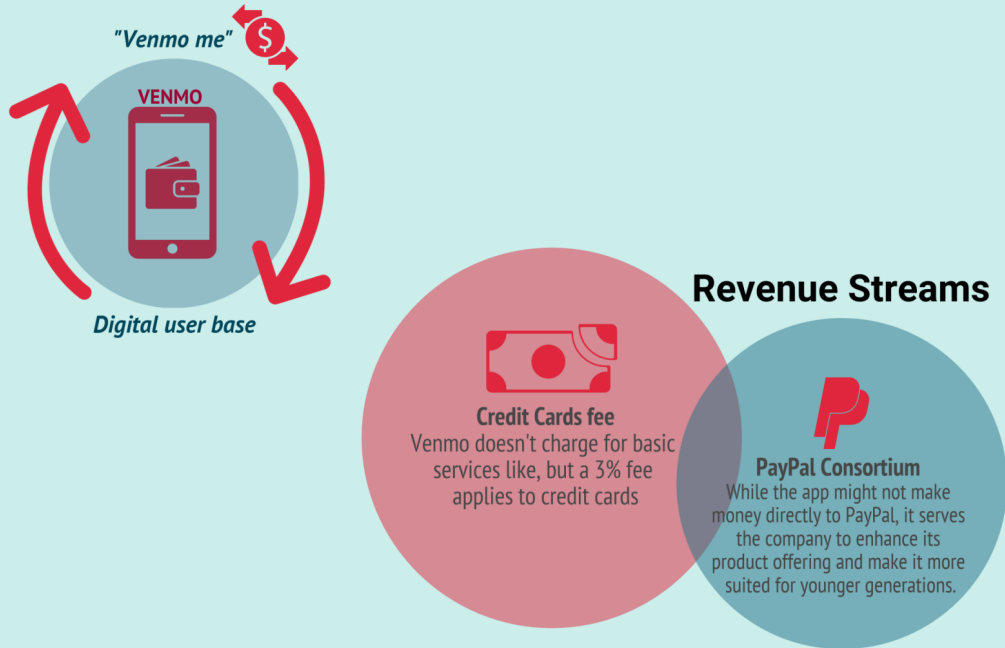
FourWeekMBA

Stash is a FinTech **platform** offering a suite of **financial** tools for young investors, coupled with personalized investment advice and life insurance. The company primarily makes money via subscriptions, cashback, payment for order flows, and interest for **cash** sitting on members' accounts.

Venmo

How Does Venmo Make Money? Venmo Business Model

Venmo is a peer-to-peer payments app enabling users to share and make payments with friends for a variety of services. **The service is free, but a 3% fee applies to credit cards.** Venmo also launched a debit card in partnership with Mastercard. Venmo got acquired in 2012 by Braintree, and Braintree got acquired in 2013 by PayPal.



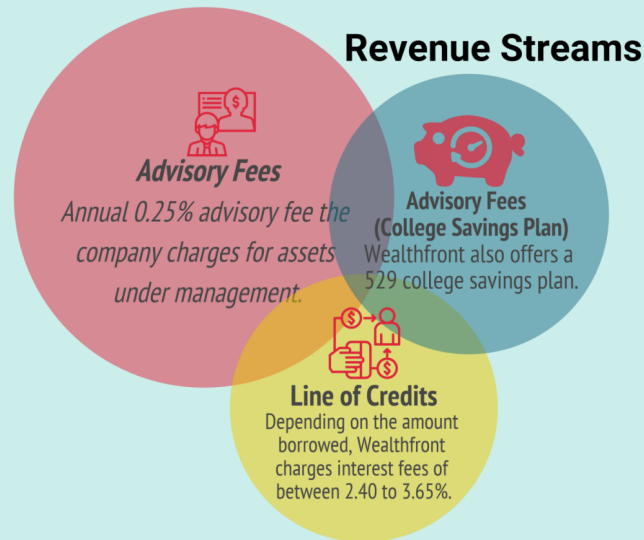
FourWeekMBA

Venmo is a [peer-to-peer](#) payments app enabling users to share and make payments with friends for a variety of services. The service is free, but a 3% fee applies to credit cards. Venmo also launched a debit card in partnership with Mastercard. Venmo got acquired in 2012 by Braintree, and Braintree got acquired in 2013 by [PayPal](#).

Wealthfront

How Does Wealthfront Make Money?

Wealthfront is an automated Fintech investment platform providing investment, retirement, and cash management products to retail investors, mostly making money on the annual 0.25% advisory fee the company charges for assets under management. It also makes money via a line of credits and interests on the cash accounts.



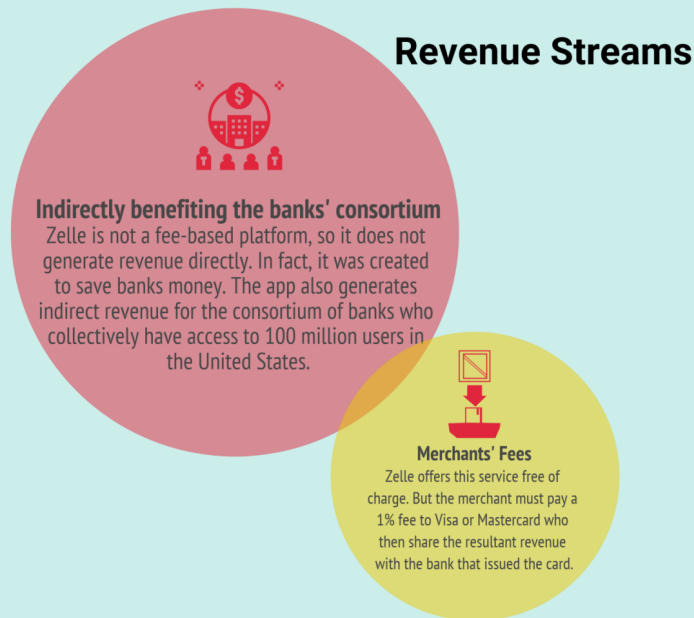
FourWeekMBA

Wealthfront is an automated Fintech investment [platform](#) providing investment, retirement, and [cash management](#) products to retail investors, mostly making money on the annual 0.25% advisory fee the company charges for assets under [management](#). It also makes money via a line of credits and interests on the [cash](#) accounts.

Zelle

How Does Zelle Make Money?

Zelle is a peer-to-peer payment network that indirectly benefits the banks' consortium that backs it. Zelle also enables users to pay businesses for goods and services, free for users. Merchants pay a 1% fee to Visa or Mastercard, who share it with the bank that issued the card.



FourWeekMBA

Zelle is a [peer-to-peer](#) payment [network](#) that indirectly benefits the banks' consortium that backs it. Zelle also enables users to pay businesses for goods and services, free for users. Merchants pay a 1% fee to Visa or Mastercard, who share it with the bank that issued the card.

Read Next: [Fintech Business Models](#), [IaaS](#), [PaaS](#), [SaaS](#), [Enterprise AI Business Model](#), [Cloud Business Models](#).

Read Next: [Affirm Business Model](#), [Chime Business Model](#), [Coinbase Business Model](#), [Klarna Business Model](#), [Paypal Business Model](#), [Stripe Business Model](#), [Robinhood Business Model](#).

Main Free Guides:

- [Business Models](#)
- [Business Strategy](#)
- [Business Development](#)

- Digital Business Models
- Distribution Channels
- Marketing Strategy
- Platform Business Models
- Revenue Models
- Tech Business Models
- Blockchain Business Models Framework

More Resources

The image displays a grid of nine resource cards, each with a red header and a white body containing a title and a small thumbnail image. The cards are arranged in three rows and three columns. The titles of the cards are: 'LinkedIn Members', 'AI Business Model', 'The AI Business Ecosystem', 'Shopify Business Model', 'How Does PayPal Make Money? PayPal Business Model In A...', 'PayPal Profits', 'Startup Company? The Birth of The Startup Through...', and 'PayPal Transaction Fee'. The ninth card in the bottom row is partially obscured by the navigation arrows.

← Previous Post

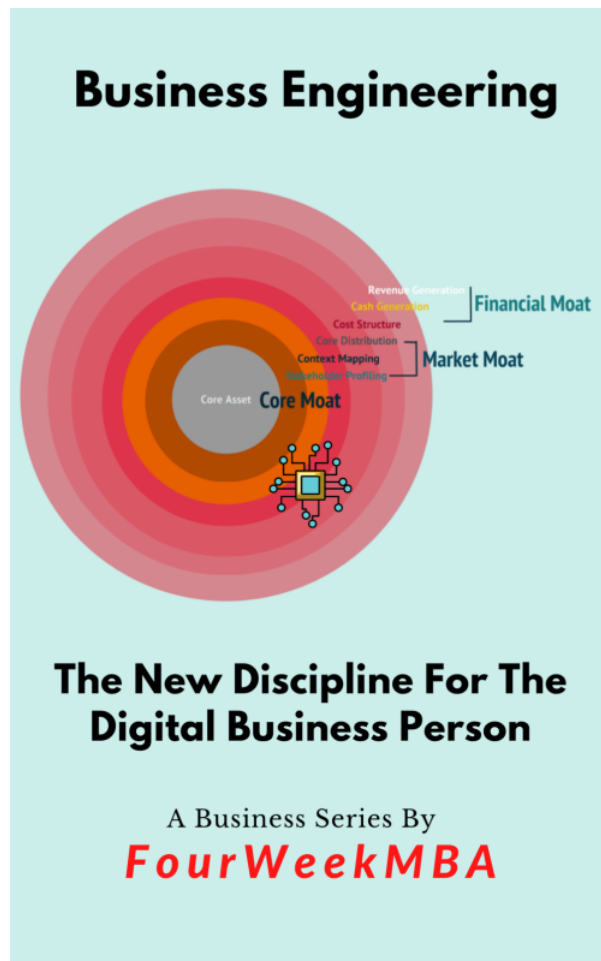
Next Post →

About The Author



Gennaro Cuofano

Gennaro is the creator of FourWeekMBA, which reached about four million business people, comprising C-level executives, investors, analysts, product managers, and aspiring digital entrepreneurs in 2022 alone | He is also Director of Sales for a high-tech scaleup in the AI Industry | In 2012, Gennaro earned an International MBA with emphasis on Corporate Finance and Business Strategy.



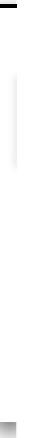
Business Engineering

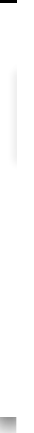
Business Guides

- **Business Models**
- **Business Engineering**
- **Blitzscaling**
- **Flywheel And Virtuous Cycles**
- **Growth Marketing**
- **Technology Adoption Curve**
- **Organizational Structure**





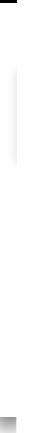








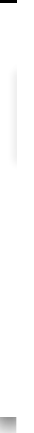








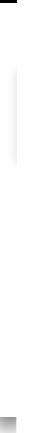








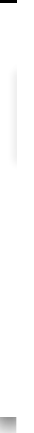








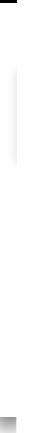








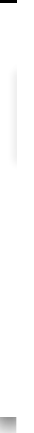








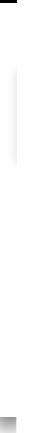








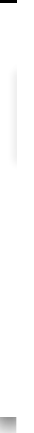








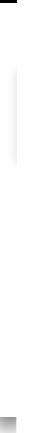








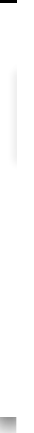








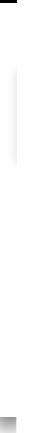








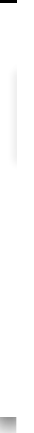








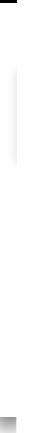








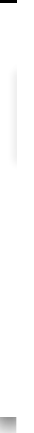








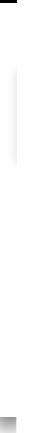








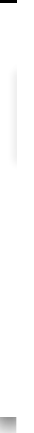
















Join The Business Engineer Newsletter

Sponsorship

Copyright © 2023
FourWeekMBA

[Business Engineering](#)



☰
[FourWeekMBA](#)