

# PayPal

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# Agenda

- What is PayPal
- Registration and Payment
- The PayPal account
- Website Payments
- Postpayment processes
- Advantages and problems

# What is PayPal

- Peer-to-peer money transfer
- Low cost – credibility
- Provides limited fraud protection
  
- Attractive:
  - Acts as a master merchant for credit card processing
  - No cost to establish seller accounts
  - Easy to integrate into a website
  - Can be use to accept major credit cards
  - Has very competitive transaction rates

# Registration

- From PayPal homepage:
  - Sign Up Now button
  - Choose account type  
(upgrade in the future possible)
  - Credit card is required to use many features

Activation:

PayPal:

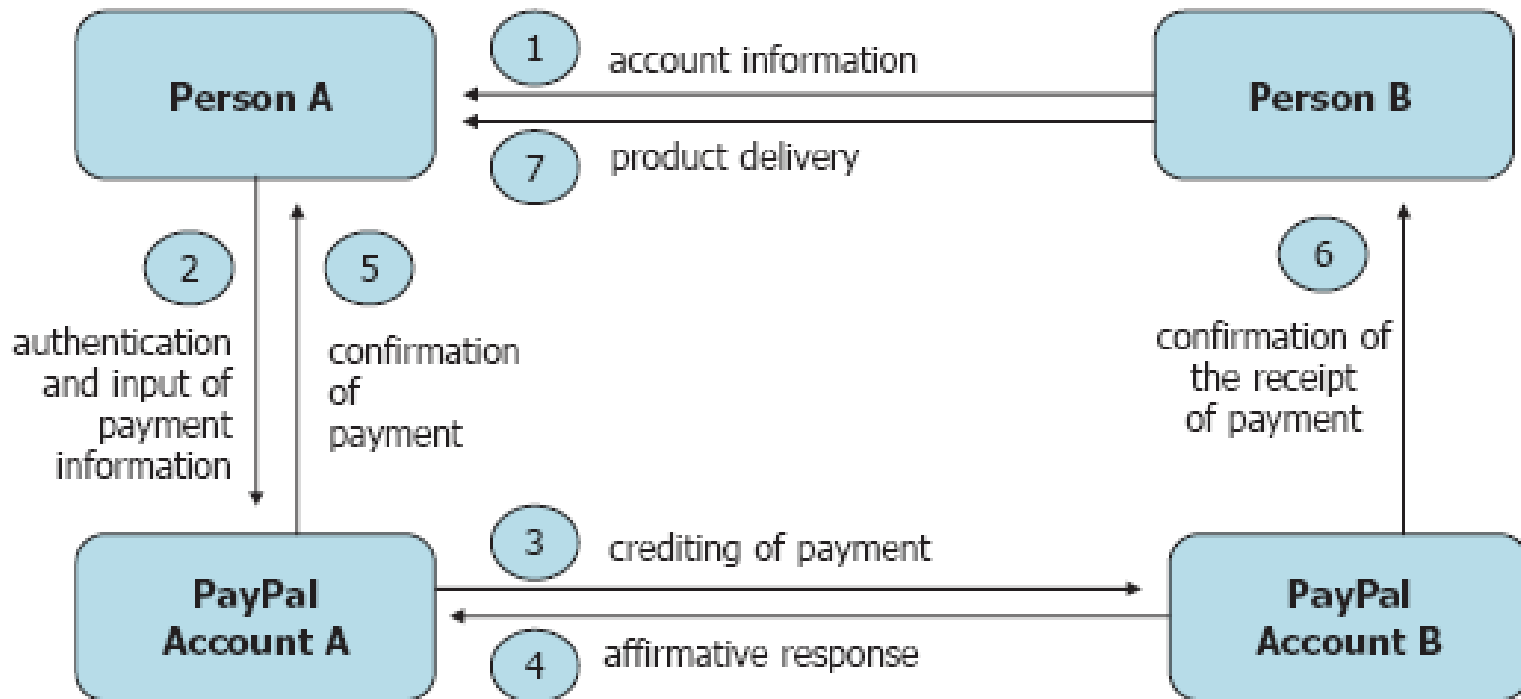
debiting a small amount from the credit card

User:

Credit card statement number sent back to PayPal

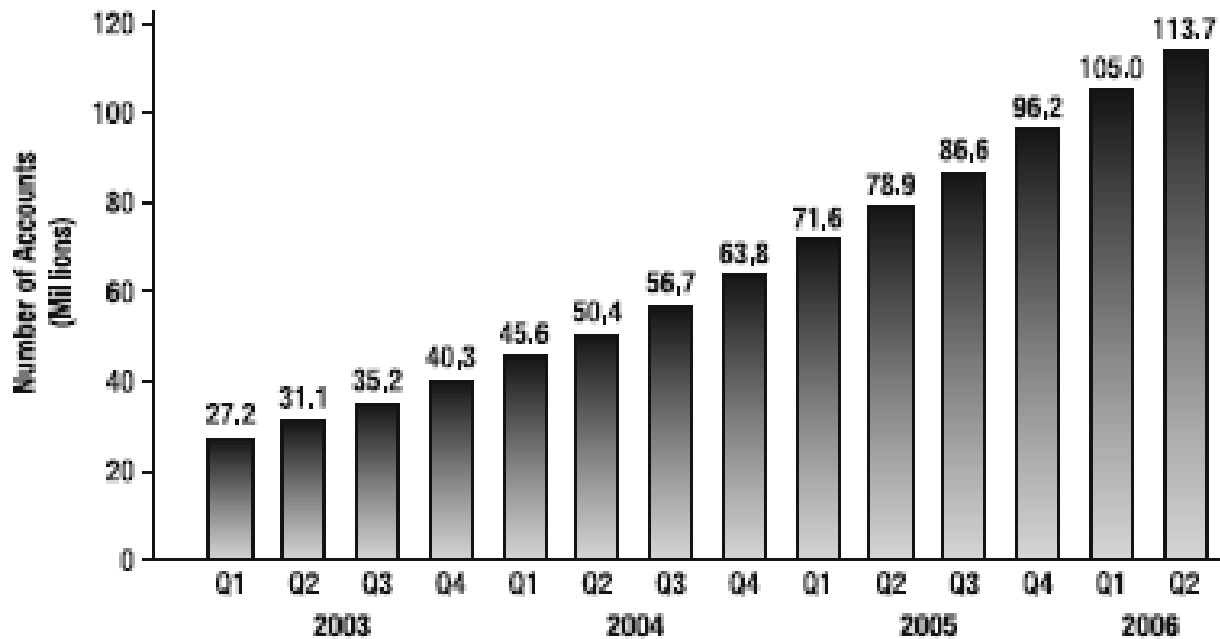
→ account activated

# Payment process between individuals



# PayPal Account

## Total PayPal account growth



# Account types and status

- Personal (core features)
- Premier (business, group, individual)
- Business account (business or group name)
- Sandbox (testing environment)

## Status:

- Verified
- Confirmed
- Limited
- Closed

## Core features:

Send Money  
Request Money  
Auction Tools  
Website Payments  
Money Market  
Virtual Debit Card  
Account Insurance  
E-mail Customer service

## Ability to accept:

Unlimited Credit Card Payments  
Payment Receiving Preferences  
Subscriptions  
ATM/Debit Card  
Mass Payments

# Transaction fees – currencies

Available in 103 countries and  
18 currencies

United States	
Purchase payments received (monthly)	Fee per transaction
\$0.00 USD - \$3,000.00 USD	2.9% + \$0.30 USD
\$3,000.01 USD - \$10,000.00 USD	2.5% + \$0.30 USD
\$10,000.01 USD - \$100,000.00 USD	2.2% + \$0.30 USD
> \$100,000.00 USD	1.9% + \$0.30 USD

Germany		
Purchase payments received (monthly)	Fee per transaction in EU (excl. Norway, Island, Lichtenstein)	Fee per transaction other
<5000 EUR	1.9% + 0.35 EUR	3.9% + 0.35 EUR
5001 – 25000 EUR	1.7% + 0.35 EUR	3.7% + 0.35 EUR
25001 – 50000 EUR	1.5% + 0.35 EUR	3.5% + 0.35 EUR
> 50000 EUR	1.2% + 0.35 EUR	3.2% + 0.35 EUR

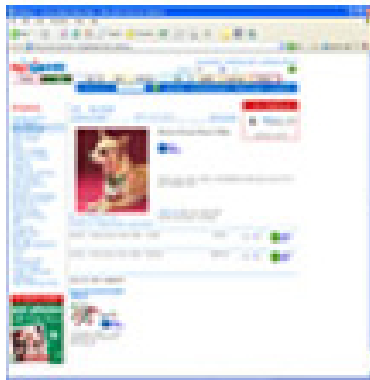
Currency	Maximum Transaction Amount
American dollar	10,000 USD
Australian dollar	12,500 AUD
Canadian dollar	12,500 CAD
Euro	8,000 EUR
Japanese yen	1,000,000 JPY
Pound sterling	5,500 GBP

# Choosing the right solution

- Basic payments (online auctions or simple Web site sales)
  - payments to the merchant's PayPal account
- Website Payments Standard
  - set up of Buy Now button or a PayPal shopping cart
- Website Payments Pro
  - Direct Payment or Express Checkout

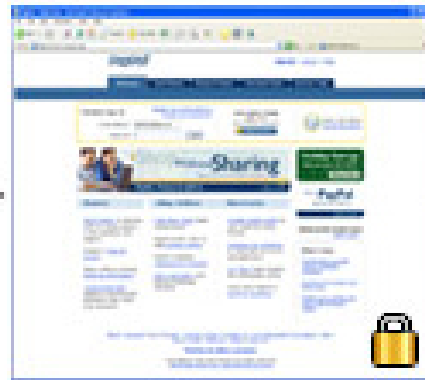
# Website Payments Standard

## Merchant Web site



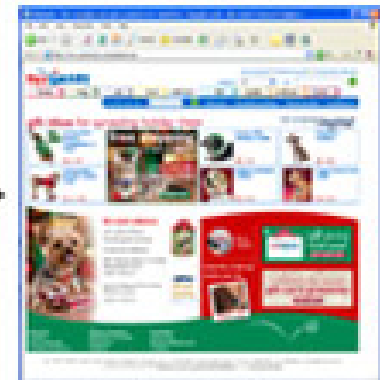
Customer clicks payment button on Web site.

## PayPal Web site



Customer completes secure forms hosted at PayPal, and we process the transaction.

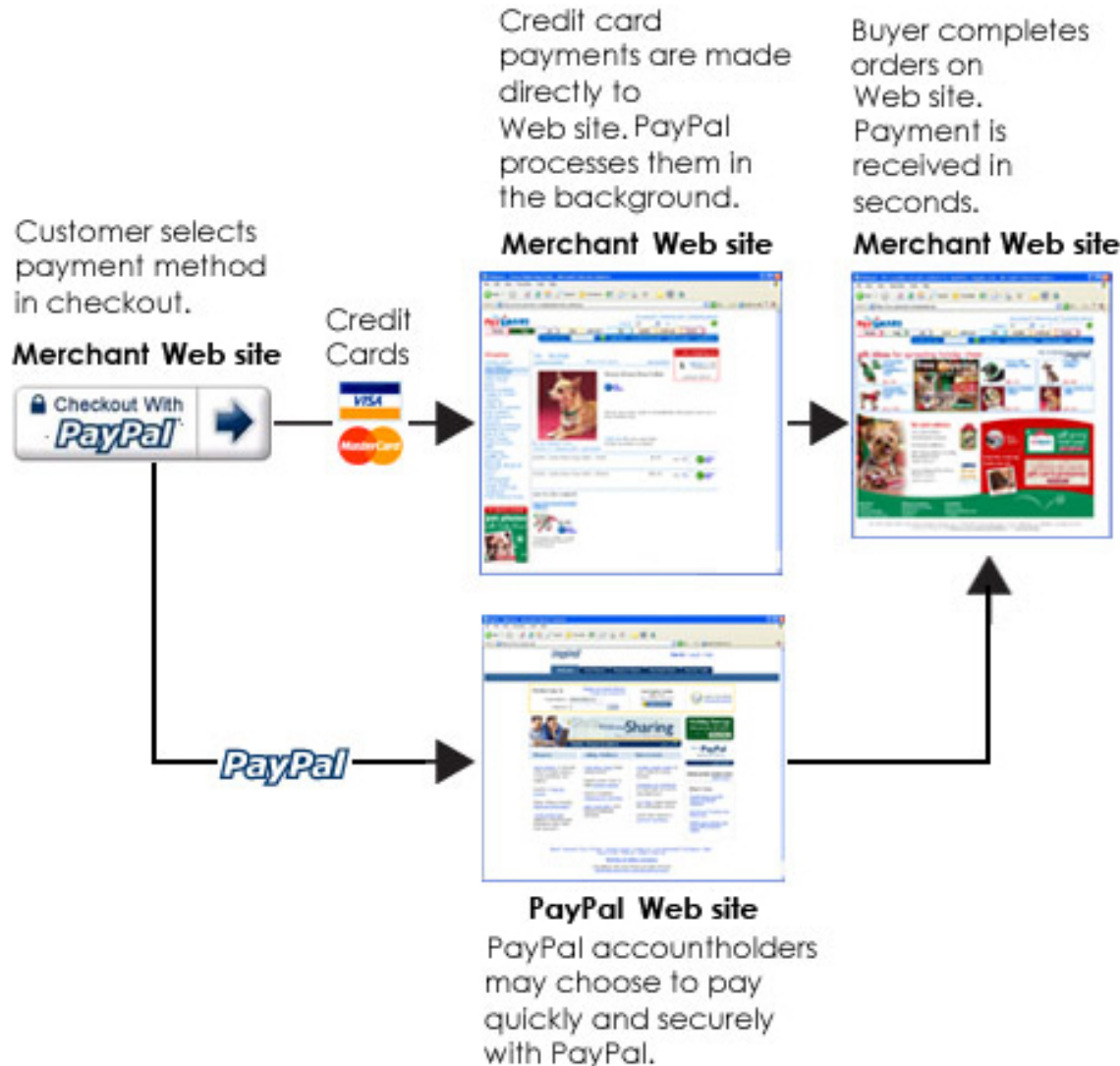
## Merchant Web site



Customer returns to Web site - funds arrive in seconds.

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# Website Payments Pro



- higher percentages on transactions
- \$30 monthly fee
- requires knowledge of Web services and APIs (Application Program Interfaces)
- a minimum of two days for installation

# Postpayment processing

“How can I get notified about new payments as they occur?”

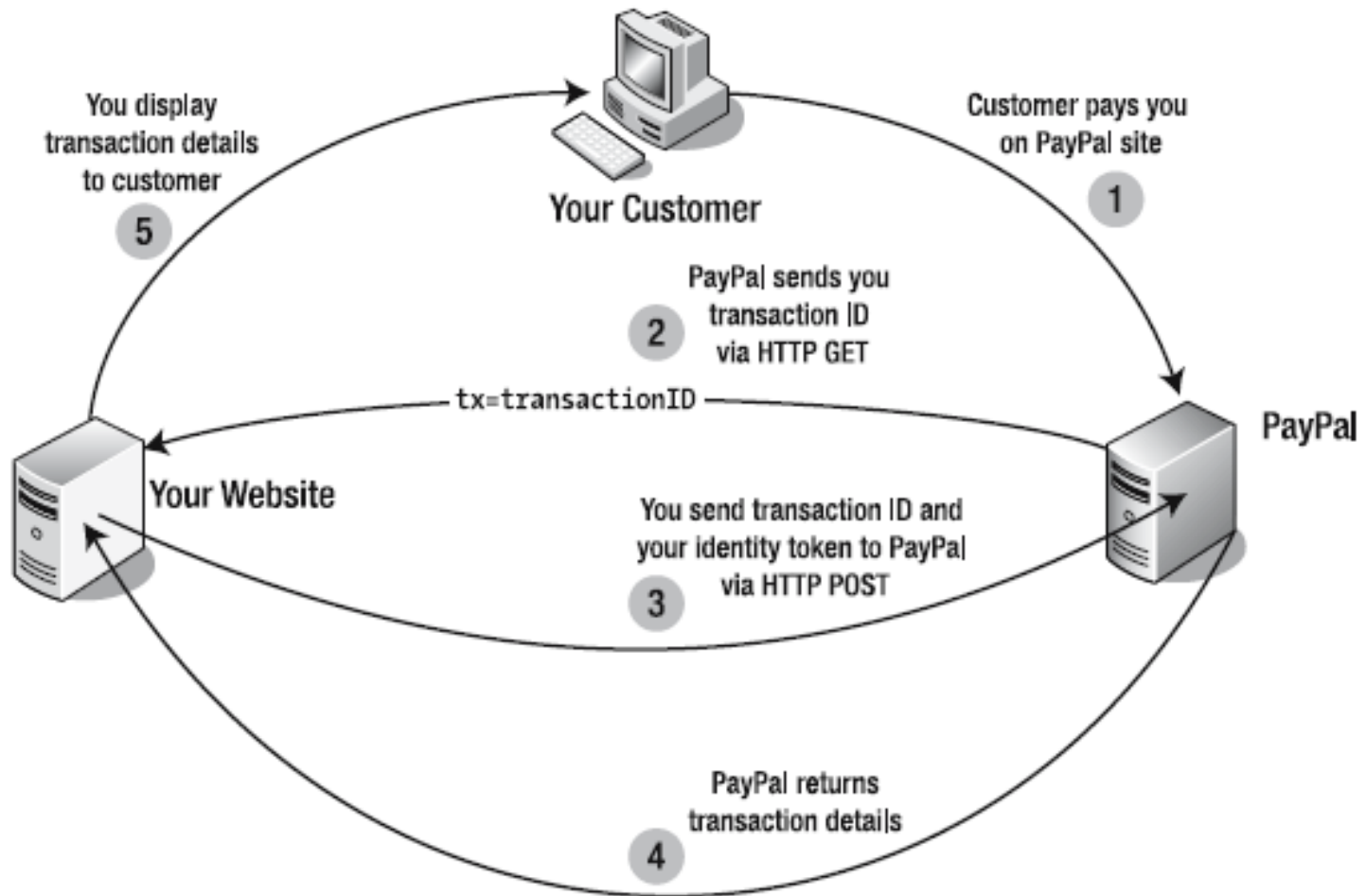
The basic: email sent to the primary email address whenever a new payment is made

- fulfillment automation and improved user experience

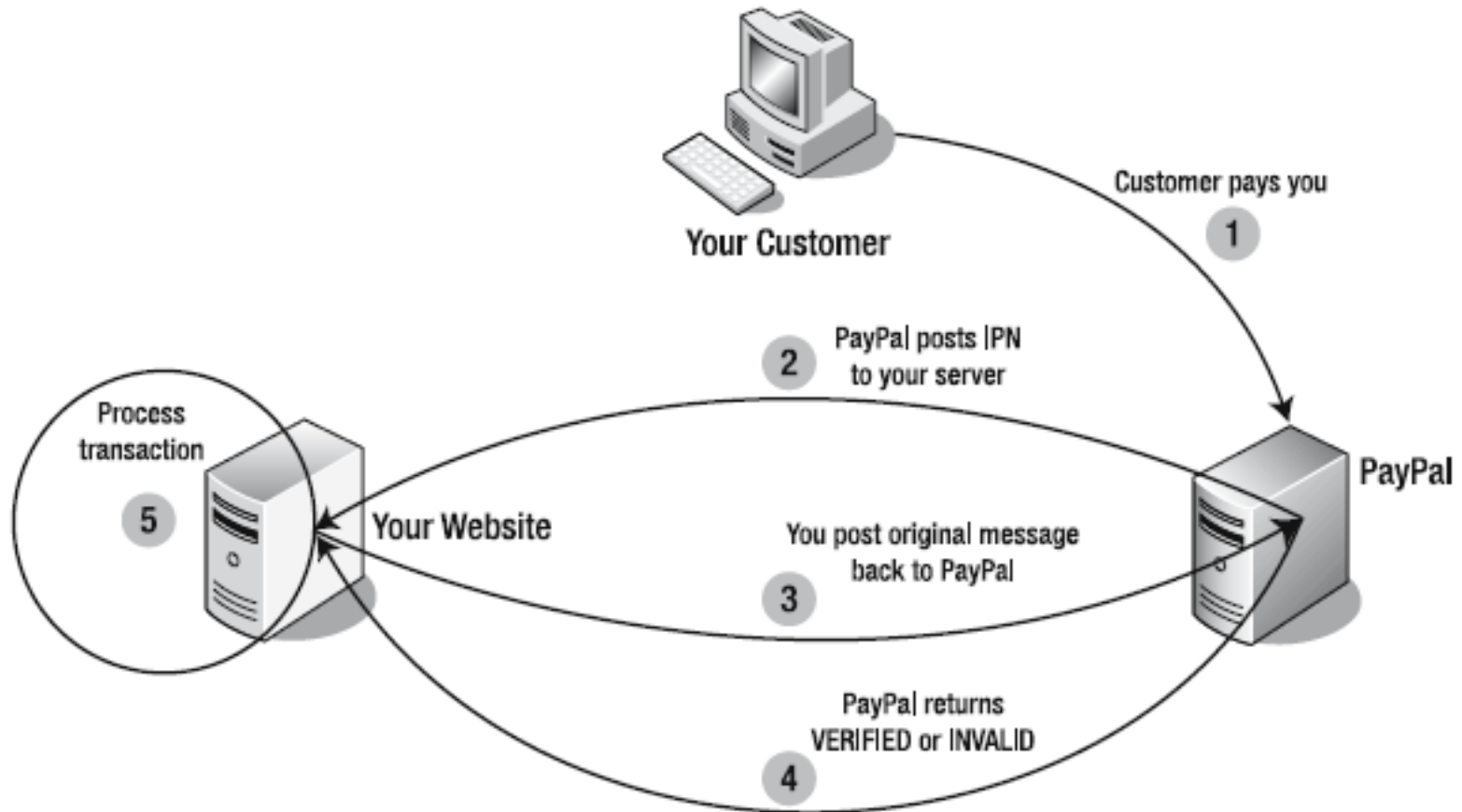
Specific technologies:

- Payment Data Transfer (PDT)
- Instant Payment Notification (IPN)

# Payment Data Transfer



# Instant Payment Notification



# PayPal Security

A fraudster attack to our business:

The email address of our PayPal account

The URL a buyer is returned to after making a purchase

Any custom fields we have defined

Payment button – security: Encrypted Website Payments (EWP)

Spoof Email - red flags:

- *Generic greeting*
- *False sense of urgency*
- *Fake links*
- *Request for personal information*
- *Insecure URL*
- *Pop-up boxes*
- *Attachments*

# PayPal advantages and problems

## **Advantages:**

- Increased Sales
- Credibility
- Security
- The Checkout Experience

## **Problems:**

- Biggest criticism: PayPal acts like a bank, but it isn't regulated like one
- Sudden and inexplicable freezing of accounts
  - long, complicated process to verify identity
- A long and confusing Terms of Service Agreement
- Rude customer service representatives

**PayPal continues to be the most popular money transfer service for online transactions**

# References

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Thank you!