PayPal Operations

- Send / Receive electronic payments
- Credit Card transactions
- Safer and more reliable than checks and money orders

Ease of Use

- Multifunctional
- Online Auctions
- Select Merchants
- Charities
- Web-based GUI
- Virtually Instantaneous (Paypal to Paypal)
- Insured from fraudulent transactions

How PayPal Works

1. buyer is offered an option to pay with PayPal
2. buyer payment is accepted and processed by PayPal
3. PayPal confirms transaction to merchant
4. seller receives PayPal notification to ship goods
5. seller is paid via the PayPal account

History of PayPal

- Started in 1999 with 6 employees and 2 computers
- Max Levchin and Peter Thiel are the two masterminds behind PayPal
- In January of they had 10,000 members
Two Years Later

- PayPal has over 500 employees (including a 75 person anti-fraud division)
- The firm utilizes over 6 million dollars of technology
- Have over 12 million registered members
- Process an average of 7 million transactions per day

Competition

- eBay used to have their own system called BillPoint. eBay shut down Billpoint & acquire PayPal for ±$1.5 billion in stock.
- Yahoo has PayDirect (shutting down).
- Citibank used to have c2it.
- Western Union, etc...

Is PayPal Viable

- Over last 3 years lost $265 Million
- Raised $70 Million through IPO
- Market values PayPal at $1.2 Billion
- Has 12 Million Registered Users
- Growth Rate of 18,000 accounts per day

Should You Use PayPal

- Is Currently the micro-payment leader
- Is the most used payment system on eBay
- Can be used in 45 countries
- Many people can’t accept credit card payments
- Many stores won’t accept credit cards for purchases under $20
- The majority of the world doesn’t have a credit card

What It Means to Merchants

- Credit card merchant account
- Accept payment from credit cards, bank accounts, and debit cards
- Accept payments cost-effectively, with no setup or monthly fees, and low transaction fees
- Get paid securely, backed by an industry-leading fraud prevention system and effective risk management models
- We confirm buyer address information
- Seller Protection Program helps insulate merchant from chargeback risk
- Perfect for cross-border trade

Pricing

<table>
<thead>
<tr>
<th>Cost</th>
<th>Fraud Protection/Associated Fees</th>
<th>Monthly Fees ($125-$195 USD)</th>
<th>One-time Setup Fees ($10.00-$100.00 USD)</th>
<th>Transaction Fees (1.9% - 3.5% + up to $0.30 USD)</th>
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</thead>
<tbody>
<tr>
<td>Transaction Fees Only</td>
<td>2.9% - 3.5% + $0.30 USD</td>
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<tr>
<td>PayPal</td>
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<tr>
<td>Merchant Account + Gateway</td>
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Why PayPal Good for Developers

- Payments functionality is a snap to implement
- E-commerce cart functionality also available
- both via PayPal Cart and other 3rd-party Carts
- Nuances of global payments and multi-currency already handled
- PayPal Developer Central (http://developer.paypal.com)

Getting Start

<table>
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<tr>
<th>Merchant</th>
<th>Developer Needs</th>
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<tbody>
<tr>
<td>Wants to sell on eBay</td>
<td>Write tools that manages their inventory, payments, shipment</td>
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<tr>
<td>Wants to sell on their own website</td>
<td>Use PayPal to provide the e-commerce and payment functionality</td>
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<tr>
<td>Wants to optimize channels</td>
<td>Write tools that enables merchant to automatically move inventory between systems</td>
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1. PayPal Business Account

- Sign up for a Business account at www.paypal.com
- Confirm your email address
- Add bank account
- Add Credit Card (optional)
- Start receiving payments

2. Online Store/Website

- Let’s assume we have one.

3. Accepting Website Payment

- Single item payment
- Multiple item payment with PayPal shopping cart
- Multiple item payment with 3rd party or your own shopping cart system

A. Single Item Payment

- Buy Now buttons, Donation buttons
- Easy to implement - no CGI scripting
- No up-front costs
- Quickest way to sell single item
- Sell with ease – detail transaction records is maintained in your PayPal account
B. PayPal Shopping Cart
- Customers can purchase multiple items
- Easy to implement - no CGI scripting
- No up-front costs
- Quickest way to sell single item
- Sell with ease – detail transaction records is maintained in your PayPal account

C. Adding PayPal Checkout to Your 3rd Party Shopping Cart
- Pass the total amount of the Cart payment, rather than of the individual items
- Pass details of the items that have been selected to PayPal, instead of the total amount for the entire Cart

Using Secure Socket Layer (SSL)?
- If using PayPal Payment Gateway, we don't need to implement own SSL certificates
- This is very helpful since SSL can be expensive to set up

References
- www.paypal.com
- https://developer.paypal.com/