PayPal

Joe Lieman
E-Commerce Integration

PayPal Operations

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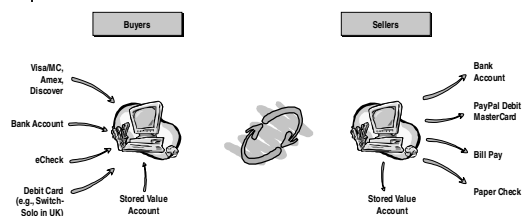- Safer and more reliable than checks and money orders

Ease of Use

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

How PayPal Works

How The Money Flows

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
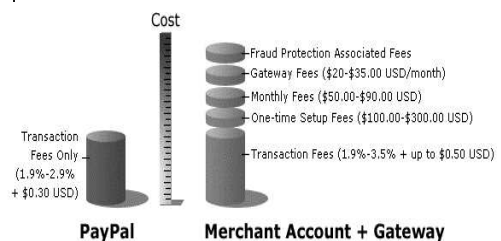- Growth Rate of 18,000 accounts per day

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

Cost

Transaction Fees Only (1.9%-2.9% + $0.30 USD)

PayPal

Fraud Protection Associated Fees
Gateway Fees ($20-$35.00 USD/month)
Monthly Fees ($50.00-$90.00 USD)
One-time Setup Fees ($100.00-$300.00 USD)
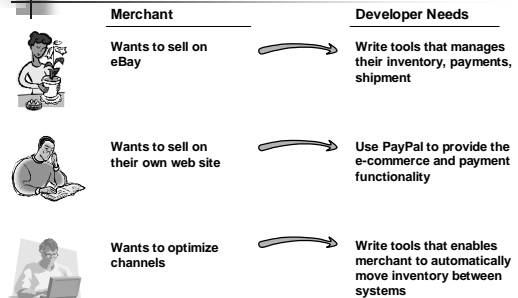Transaction Fees (1.9%-3.5% + up to $0.50 USD)

Merchant Account + Gateway

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

Merchant		Developer Needs
Wants to sell on eBay		**Write tools that manages their inventory, payments, shipment**
Wants to sell on their own web site		**Use PayPal to provide the e-commerce and payment functionality**
Wants to optimize channels		**Write tools that enables merchant to automatically move inventory between systems**

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/

It Makes The World Go Around