

Doing Business With PayPal

How To Protect Yourself
From Your Online Bank



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Chapter 1: Introduction

[PayPal](#) is the world's largest payment processing company, with over 50 million account holders worldwide.

Part of the huge eBay empire since they became a wholly owned subsidiary in October, 2002, PayPal offers what is generally a fast, easy and safe way to both receive and send money online.

Perhaps it should come as no surprise that as a part of the eBay group, over 90% of eBay merchants and traders accept PayPal as their preferred manner of payment. So it is that the company now handles more than £9.5 billion in online monetary transactions every year.

PayPal offers a payment system and method wherein even the smallest business or private individual can send and accept money to and from a huge number of countries worldwide, as long as both parties to the transaction have an email account.

In addition, PayPal is able to offer many of the financial facilities most commonly associated with banks and other similar commercial institutions such as credit cards.

The simple and basic fact is that it is almost impossible to run any kind of successful online business without using the services of PayPal.

Although many other companies have tried to set up services that replicate most or all of what PayPal do, so far, no-one has succeeded in capturing either the imaginations of marketers (if they are only 'clones', then why switch over to a company with no additional benefits?) or any significant share of the market either.

PayPal does not therefore have a complete monopoly of the payment processing business online, but, certainly as far as the internet marketing community are concerned, they might as well have!

And in general, PayPal do a pretty good job of what they do and most of the time they are able to keep the wheels of worldwide internet business spinning relatively smoothly.

Indeed, the vast majority of online business entrepreneurs who deal with them are more than happy to do so, presumably because that have never suffered any appreciable problems when working with PayPal.

Yet it is important to understand from the outset that they are a privately owned payment processing company and not a bank, although it does seem that they have been moving in that direction recently.

Earlier this year, PayPal announced that they are going to shift their European operational HQ to Luxembourg in order to establish a legal entity (PayPal (Europe) sarl. & Cie, S.C.A) that will eventually be regulated as a bank by the Luxembourg financial regulatory authorities, who are, in turn, controlled and monitored by the central financial control body of the European Union.

But until that happens, PayPal is not legally a bank.

Nor are they able to offer true 'merchant accounts' either, although you will see countless websites that either claim that a PayPal account is a merchant account, or that they operate in exactly the same way.

It is simply not factually true on either count!

PayPal are no more able to offer 'merchant accounts' (as they are understood by the leading financial institutions and major banking corporations of the world) than they are able to operate as a bank.

PayPal is a privately owned payment processing company, unquestionably the number one company in their business on a global scale, but still a privately owned company that moves money about, and nothing more than that.

Now, this might seem to be a matter of little or no importance to you and I should not be at all surprised if the question on your lips were not 'So what? Very interesting, but why should this matter to me?'

For the overwhelming majority of people who are using the services of PayPal, the answer to this would be that it does not matter one jot!

However, there are times when the legal status of the company can become a matter of great significance indeed.

You must therefore be forewarned of exactly why because otherwise you are potentially totally unwittingly putting your livelihood and whole business enterprise at significant risk.

When you are operating any kind of money making venture online, if you cannot work with PayPal for whatever reason you will soon discover that life will suddenly become immeasurably more difficult, and you can take that from someone who has been in that exact situation more than once.

In this scenario, your customers expect to pay you with PayPal, but you cannot accept their money. They expect to be paid with PayPal in return but you are powerless to oblige.

Massive numbers of online entrepreneurs all over the world rely on the services of PayPal to keep their cash-flows moving and their businesses fully operational.

If you are one of these people, then you must know what you are dealing with when you work with PayPal, both the good things about them (of which there are many) and the bad too.

In the same way that ignorance of the established legal system and regulations of most civilized countries is not an acceptable excuse for breaking the law, the fact that you might break the PayPal 'Terms of Service' accidentally will generally not get you anywhere when you attempt to argue your case!

I have written this book to make sure that you understand all of the implications of using PayPal in your day to day business.

It is a handbook guide to using PayPal on a daily basis, but it is also a 'warning' about many of the things that you must be careful about when dealing with PayPal as well.

Trust me when I tell you that if you are working with PayPal, you really cannot afford to be unaware of exactly who they are, and how they operate.

I have seen and felt the power of the 'dark side' of PayPal at first hand, and it is not something that I would ever wish on anyone!

This book will help you avoid getting yourself stuck in the same situation, and I would therefore urge you to read it very closely.

Subsequently, I would ask you to pay serious heed to what you will discover herein.

It could save you and your business from possible disaster, it is that critically important.

Chapter 2: PayPal Services – An Overview

Introduction

According to [Wikipedia](#), PayPal 'is an e-commerce business allowing payments and money transfers to be made through the Internet. PayPal performs payment processing for online vendor's, auction sites, and other corporate users, for which it charges a fee'.

The company, the number one payment processing organization in the world by a significant margin, originally came into being in March, 2000, as a result of a merger between two existing payment related companies, Confinity and X.com.

Although PayPal was originally widely perceived to be a company that specialized in handling smaller payments for private individuals, over the last five years they have made significant inroads into the corporate and business market on a worldwide basis as well.

Indeed, by the end of the year 2006, PayPal operated in 103 markets worldwide, and managed over 133 million accounts.

Customers of the company are able to send and receive funds in 16 different currencies, including all of the majors (US Dollars, Japanese Yen, British Pounds and Euros) as well as some less well established world currencies such as Swedish Krona, Polish Zloty and Czech Koruna.

Another positive thing that should be said about PayPal is that they do seem over the past year or two to have become increasingly original and innovative in their approach, and this certainly augurs well for the future.

For example, they have very recently introduced a 'pilot' scheme in the USA that allows you to create a 'temporary' credit card which is only valid for a very short time period.

So, even if you have no credit or debit card, you can create one using this facility, and then use it to make payments from your PayPal account to anyone who does not have such an account themselves.

But, because the card is only valid for a few short days, it is a major step forward in anti-fraud prevention, because by the time would-be fraudsters get hold of your card details, it has already expired!

So, no doubt, PayPal are trying to stay ahead of the field with some very creative thinking, and that is a very good thing indeed for the worldwide online marketing community.

How Much Does It Cost?

So, in very simple terms, how does PayPal work and how much does it cost to use the services of the company?

For a private individual, [PayPal](#) is an extremely easy system to both register for and use.

You simply go to the website, and create an account.

Opening any one of the three different types of PayPal accounts (Personal, Premier or Business) is free and it really is as simple as it sounds.

Literally five minutes after opening your account, you can be sending money almost anywhere in the world!

Effectively, if you need to send money to anyone who has a valid e-mail account to which they have access, then you can do so through your PayPal account.

Likewise, you can receive monies from any private individual anywhere in the world in exactly the same manner, assuming, of course, that you yourself have a valid e-mail account.

For a basic Personal account holder, there are no fees for initially setting up the account or for sending money, as long as the sending and receiving currencies are one and the same.

Now, you should note that as a Personal account holder, there will be some restrictions on your account when you first start to use it.

For example, you are only allowed to send a relatively limited amount of money through your account, and the sums that you can receive are similarly restricted.

However, having these restrictions removed is a relatively simple matter of submitting provable bank and/or credit card details to PayPal, as this will enable them to remove all inconvenient restrictions.

The only major disadvantage of having only a Personal account with PayPal (which is the account type that most private individuals have) is that you cannot accept regular credit card payments, although you can take a few card payments every year subject to the levy of a processing fee.

Thus it is that most people who only want to use PayPal to buy things online will generally need only a Personal account.

If, however, you have a small online business and therefore need to accept incoming payments for goods or services sold, then you will need to upgrade for free to a Premier account.

In this case, sending money is still free of charge (as it is with all account types), but there will be a small charge for accepting payments.

The level of such charges will depend upon the amounts of money that you receive, ranging from 2.4% + \$0.30 USD to 3.4% + \$0.30 USD at PayPal's main US site.

There will also be additional charges for any transactions that involve a currency conversion as well.

Finally, the third type of account that PayPal offer is a Business account which is primarily designed for corporate users, as this type of account offers the facility of having several different login identities.

Otherwise, the incoming payments received fee structure is exactly the same as that of the Premier account.

How about security?

Anyone who has been working online for more than five minutes will be more than aware that credit card fraud is an increasing problem in the world of Internet business.

So it is that a payment processing company like PayPal must adopt a very serious attitude to all aspects of potential credit card fraud and related financial problems, such as identity theft and phishing.

Thus, when you first register or log on to the PayPal site, they will immediately verify that your Internet browser is capable of accepting and running one of the most advanced security systems currently available online, known as Secure Sockets Layer 3.0 (SSL).

This system ensures that any information passing back and forth between the PayPal website and your computer is protected by the SSL 3.0 encryption key, which offers 128-bit security that is the strongest currently commercially available anywhere in the world.

In addition, PayPal claim that their computer systems are armed and equipped with the highest levels of anti-fraud algorithms yet created, and that these computer-based fraud detection procedures are assisted by several hundred human fraud detection specialists working around the clock, 24/7.

Thus it is probably true to say that PayPal are doing everything that they possibly can do to protect their customers from fraud and all other forms of financial malfeasance, although of course, nothing is ever perfect and there is little doubt that these systems can always be improved.

Exposure to fraud

Given the sums of money that we have already established PayPal manages to turnover in a year, it would obviously be an extremely attractive proposition for any resourceful thief or fraudster to break into their system, or, at the very least, gain access to your account.

One of the most common ways that Internet criminals will attempt to do this is by sending false e-mail messages purporting to be from PayPal, as well as creating fake or 'spoof' websites that are again designed to look as much like the original PayPal site as possible.

The objective in both of these situations is identical.

That is, the sender of the e-mail or fake website builder wants you to open the mail and/or click on the entrance to the fake site, and then login using your username and password.

Once you do so, then you have effectively gifted them your login details, and it is then a few very simple short steps to successfully accessing your account, and stealing whatever money you have in there,

Therefore, the very simple rule is that if you do receive a notification that appears to come from PayPal in your e-mail inbox, do not under any circumstances reply directly to that mail.

Instead, you should immediately login to your PayPal account in the way that you normally do as a completely separate action, and try to discover whether the e-mail that you just received was related to a genuine problem or not by visiting various different areas of your account 'dashboard'

Another hint that such an e-mail might be an attempted 'rip-off' or 'spoof' is that the false ones are unlikely to have your name at the top in the salutation (The 'Dear' something bit).

Most spoof mails will be addressed to 'Dear PayPal Account Holder' or some such generic term, rather than addressing you by name (they are spamming out thousands of these e-mails at a time to hundreds of entirely unknown recipients, after all!)

A mail from the real PayPal will on the other hand always be addressed to you personally, and thus an 'unaddressed' mail that does not 'greet' you by name is more than likely to be an attempt to steal your PayPal login details.

But, you must appreciate that the fraudsters and scam merchants are very smart, and that the false mails that they send out are almost identical to the real thing.

Here's an example. I have my own PayPal account, and this mail recently arrived in my inbox:

28	09:32:48 AM	PayPal	Your account access has been restricted
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Oh, oh, trouble! So, I open the mail (after virus checking):



PayPal is constantly working to ensure security by regularly screening the accounts in our system. We recently reviewed your account, and we need more information to help us provide you with a secure service. Until we can collect this information, your access to your account features will be restricted. We would like to restore your access as soon as possible, and we apologize for the inconvenience.

Why is my account access restricted?

Your account access has been restricted for the following reason(s):

- **27 Nov. 2007:** A recent review of your account determined that we require some additional information from you in order to provide you with a secure service.

(Your case ID for this reason is PP-369-182-271.)

- **28 Nov. 2007:** We have reason to believe that your account was accessed by a third party as different computers have logged into your PayPal account and multiple password failures were presented before the logons. We now need you to re-confirm your account information to us. We understand that having restricted access can be an inconvenience, but protecting your account is our primary concern.

(Your case ID for this reason is PP-367-400-601.)

How can I restore my account access?

Please visit the link below, log into your account and complete the secure verification form:

<https://www.paypal.com/cgi-bin/webscr?cmd=login-run>

If this is not completed by **November 30, 2007**, we will be forced to suspend your account indefinitely, as it may have been used for fraudulent purposes. We thank you for your cooperation in this matter.

Thank you for your patience,

PayPal Customer Service

It has the correct PayPal logo attached, and as someone who has had genuine mails from PayPal of this type, the case numbers applied to the mail look genuine.

However, there are three giveaways that tell me that this is an attempted 'phish'.

First, the original mail notification that arrived in my inbox did not have the case number attached to the notification. A genuine PayPal would do so.

Second, there is no salutation, no 'Dear Mr. X' at the top of the mail. And, thirdly, there is the bit about acting by November 30th otherwise the company will 'suspend your account indefinitely'.

This is an obvious attempt to make you act rather than think, and something that I have never seen in a genuine PayPal mail.

So, it is a very sophisticated attempt to 'phish' for your account details, and if I were to click on that link, I would definitely be in trouble!

However the fraudsters do it, such attempts at identity theft will normally try to send you directly to a bogus 'spoof' website, where you will be invited to input your login details.

Of course, you must not do so under any circumstances.

Instead, here is one thing that you can try that might give you another indication that the site is a fake.

Look all over the page and search for links that you would not under normal circumstances be expected to click.

For example, see if there is a 'Disclaimer' link or one for 'Terms of Service', either of which would generally tend to be links that almost no-one ever clicks on.

But, you should try it, because often, the thieves who design such fake websites are thoughtless and lazy, and they do not make the effort to ensure that all of the links on the page actually do what they are supposed to.

So, it is entirely possible that by clicking an unexpected link, you will find that you are returned to exactly the same webpage rather than being taken to the genuine 'Disclaimer' or 'Terms of Service' in the way that you would if you were really visiting the genuine PayPal website.

This would provide you with another very strong indication that you are dealing with a site that was established as a 'phishing' front for illegal business, trying to steal your details.

Try to avoid accessing your PayPal account (or indeed any other sensitive financial information) from Internet cafes or any other place where the computer that you are using is freely available for public usage.

It is not unheard of for such machines to be rigged so that your login information can once again be recorded and subsequently stolen.

Even when you are using your own private laptop machine, there are times when extreme caution is necessary too!

For example, you should also be extremely careful about logging in to your PayPal account in any densely peopled public area such as an airport departure lounge, railway station or public library especially when using a WiFi connection.

In these circumstances it is extremely easy for a cyber criminal to intercept and steal your login information, and very difficult for you to spot them, given the number of people who are wandering about.

Even at home, if you are using an unsecured WiFi connection, you must be careful.

Although there is significantly less danger inherent in accessing your PayPal account in this situation, nevertheless, you should understand that it is called an unsecured connection for a very good reason!

The bottom line is that whenever that you want to log in to your PayPal account, you should do so only by visiting the same login page that you always use, and, if possible, only doing so from an internet connection that you know is secure.

Personal, Premier or Business?

Personal Accounts

If you plan to do little with your PayPal account other than buying goods, then the Personal account will be perfectly adequate for your purposes.

However, the fact that you have chosen to invest your hard earned cash in this book suggests that you are probably interested in doing a little (or perhaps a lot) more than that.

According to PayPal regulations, you can only use your Personal account to send money to private individuals or to purchase goods or services on the internet in any situation where PayPal is one of the accepted payment methods.

They do, however, clearly state that, as long as you want to earn money by selling anything online, you need to use a Premier or Business account.

And, as I am assuming that you would not need to know the 'Facts & Fictions' about dealing with PayPal if all you wanted to do is send a few dollars to your Mom, then I am equally taking it as read that that is all I need to say about Personal accounts!

They exist, but, for anyone who wants to make money online, they might as well not do!

One final point about Personal accounts that is a bit of an anomaly, and one that I really don't get to be totally straightforward about!

That is, you can have both a Personal account and a Premier or Business account, but you have to register completely different credit cards, email addresses and bank account details for each account in order to do so!

It's a total waste of time and effort as far as I am concerned, so I would say that you should keep things as simple as possible.

Upgrade from a Personal to a Premier or Business account as soon as you can!

Premier & Business Accounts

Premier accounts are primarily designed for individual members who consider it likely that they might enjoy significant transaction numbers or who want the ability to accept credit card payments.

Business accounts are broadly similar and offer many of the same advantages as do Premier accounts, except that they can also enable you to do business using a corporate or group name, and accept all payment types, including payment from those customers who do not have a PayPal account.

The facilities that are available to Premier and Business account holders over and above those enjoyed by Personal account holders would include:

Ability to accept unlimited payments from debit or credit cards;

Ability to accept regular and irregular subscriptions;

Possible access to PayPal (atm) debit card with which to withdraw or spend accumulated funds;

Ability to use mass payment facility;

Access to online PayPal shops and stores;

Toll-free online customer service 24/7;

Multi-user login and access (Business);

Ability to use corporate style with account (Business).

Plus there is access to all the basic central features of the Personal accounts as well.

So, the bottom line is that, whatever business it is that you plan to run online, it is a reasonable assumption that you want your customers to pay you, right?

Then you need to get our Personal account upgraded as quickly as you possibly can, and then you must make sure that you get the initial

restrictions that PayPal apply to all new accounts lifted as soon as you can too.

Chapter 3: What's New?

Introduction

In late 2007, PayPal made significant changes to the home page of their website, introducing a pleasant fresh new look that is also considerably easier to navigate around than was the old home page interface.

They have also addressed one of the most commonly heard complaints about the old style site, which was that there was a distinct lack of information available on their site until you signed up as a member!

Now, it is fair to say that the ['Help'](#) (sometimes referred to as a 'Frequently Asked Questions') section of the site has been significantly expanded and upgraded, so that much more information is available to let you know what PayPal can do before you commit to signing up for an account.

It is still not perfect by any means, but it certainly does tell you far more than the old style site ever seemed to want to.

What this means is that almost everything that you need to know about opening a PayPal account, and the in-depth details of how it works can be found somewhere on the current version of the PayPal site.

Note that I have emphasized the word 'almost'.

This is because there are certain things about the way PayPal operate that you will never find explained anywhere on their site no matter how hard you look or how deeply you try to dig.

And some of these things are very important indeed, not to say critical, things that you really do need to know about if you are to keep your business afloat and your sanity intact!

These are things that you will find touched upon in the next section, and highlighted in greater detail later in this book.

Honest, Decent & Truthful?

Another significant change that has also recently taken place is one that has made millions of honest, hard working online entrepreneurs very happy indeed.

And yet it is a change that I almost willing to guarantee that, if you are sitting reading this in the USA, UK, mainland Europe or Australasia, you never even knew needed making!

Take a look at [this](#) page of the PayPal site. Scroll slowly down a little and you might begin to notice an interesting feature.

That is that the countries in each 'group' shown are accorded less and less flexibility or rights about what their citizens and residents can and cannot do with their PayPal accounts, the further you get down the page.

At the top of the page are the countries that PayPal apparently considers to be the 'crème de la crème', including China, which is somewhat bizarre, as I shall explain.

These are therefore the countries whose currencies are actually acceptable to PayPal.

Then, below that, you have the countries where it is acceptable to 'send, receive and withdraw to a local or US bank'.

Next is a small group that can accept checks as payment, whilst the group immediately below that cannot.

So, for example, until very recently, you had the crazy situation that the people of the fourth most populous nation on earth, Indonesia, were allowed to have a PayPal account – but they could not get their money out of it if they did!

Malaysia was in a similar situation, and the only solution in either country was to open a US bank account and transfer the money there!

A bank account in no other country was acceptable.

Not any of the other major financial centers of the world, not Hong Kong, Singapore, Switzerland, the UK – not even the country which is rapidly becoming the main European financial center, Luxembourg (where PayPal are relocating, remember!).

Now, it isn't quite impossible for non-US citizens to open a bank account in the USA (there are always ways and means!) but it certainly is not easy either, and it costs money to do it!

So, for many millions, they could have money in their PayPal account but that was, unfortunately, where it was going to stay.

And the biggest complaint of many of these folks, one that certainly has some validity, was that whilst this money was effectively locked up in these millions of accounts all across the world, someone was earning a nice little chunk of interest on it every day.

That someone was, of course, PayPal, so many people who were unfairly denied to their money felt that PayPal had got themselves a perfect money making scheme in place!

In their opinion, PayPal should have been paying the interest to the 'owners' of the money, interest that any normal financial institution or genuine bank would have been legally obliged to pay to these folks.

This is a question that I have raised with PayPal on many occasions, and I confess that I am still amazed that the PayPal corporate 'spiel' has never for a moment changed.

This despite the fact that, on the one hand the company is trying to portray itself as at least the equivalent of the leading online banking groups of the world, whilst on the other hand obviously acting in a way that is in direct contravention of all accepted banking laws and regulations.

Apparently, they were not willing to let people in Malaysia or Indonesia enjoy access to the full range of PayPal services because of the lack of sufficiently strong financial controls and the associated potential for financial 'corruption' in these countries!

Well, that might have been an acceptable explanation were it not for the fact that PayPal were so obviously adopting a double standard in other parts of Asia, namely China.

Even for the most pro-Chinese commentator, there are still clear and obvious problems and discrepancies within the financial systems of the country, especially in relation to the question of accountability.

But, for some reason, PayPal were more than happy to offer the fullest range of services in the Chinese market right from the outset. And, if you need to be convinced any further, take a look at [this page](#), just below the two world maps.

Note that there are URL's for PayPal.com.cn and PayPal.com.

Uniquely, PayPal provide two different services to China, the normal international one that the whole of the rest of the world works with, and another that operates in China only.

Now, why is that? Are PayPal following the lead shown by Google and taking the path of the least resistance on the basis that it will inevitably leads to the highest profits?

It is certainly a widely held belief that the authoritarian Government of China are still rather keen on keeping their people 'pure' and as untainted by unpleasant Western influences for as long as they possibly can.

And that one of the best ways of doing this is to impose extremely strict censorship on all internet related matters in China, thus attempting to keep the people as ignorant of the rest of the world as they can.

Will PayPal's uniquely accommodating approach to the Chinese market help them in this?

I will let you draw your own conclusions.

Accountability

Now, having said all of this, the situation did change, and those changes, taken in conjunction with many of the other recent innovations and new ideas might suggest something of a new outlook and approach from PayPal.

I tend to think (perhaps optimistically) that it does so, and that perhaps PayPal are making a genuine attempt to become more accountable for their actions. Maybe this is a welcome side-effect of the steps that the company is taking towards being a 'real' bank?

Who can say for sure?

All I would say is that, for many years, PayPal were often seen as being a law unto themselves, and the signs are definitely there that this might be changing for the better.

Any way, in the past few months, PayPal have finally seen the light for whatever reason and not a moment too soon.

Now, huge numbers of people in a large range of countries including Indonesia, Malaysia, Turkey and that famous center of political activism, iniquity and corruption, Gibraltar, to finally enjoy the basic right to withdraw their funds to their credit cards.

Thus it is that, finally, the people who earned their money can now put their money where they want to keep it, and enjoy their interest rather than PayPal keeping it!

Chapter 4: Why Use A 'Real' Merchant Account?

Okay, let's return to the basics.

The basic idea of working with either PayPal or a Merchant Account is that it enables you to collect online payments from your customers.

So, if you have a Premier or Business account with PayPal, that account allows you to accept payments by credit or debit card, whether the customer has a PayPal account themselves or not.

A Merchant Account will basically do the same thing, so it is reasonable to question what the differences are between the two services, and why you would choose one over the other as the payment gateway through which you collect monies from your customer.

The first and possibly most crucial difference is that a Merchant Account is a type of bank account, and that many Merchant Accounts still tend to be offered by 'traditional' banking groups, if such a thing still exists nowadays.

For example, one of the best known and widely respected of 'traditional' Merchant Account providers is [WorldPay](#), who are a completely owned subsidiary division of one the UK's biggest banking groups, the [Royal Bank of Scotland Group](#).

Thus, a traditional Merchant Account arrangement is much closer to a bank account as most people would know it, rather than a 'Person to Person' (P2P) arrangement as is PayPal.

This has both advantages and disadvantages.

There are, for example, set up fees involved in establishing a traditional Merchant Account, and a far more stringent vetting process that needs to be gone through as compared to the simple, basic sign up process that is all PayPal require.

So, in this respect, a larger Merchant Account provider might be viewed as rather better suited to working with bigger businesses, rather than with the smaller business markets that PayPal were originally perceived to specialize in.

And, certainly until a few years ago, the dividing line between Merchant Accounts and a P2P provider would have been very much clearer than it perhaps is today.

Nowadays, indeed, the dividing lines between the two would be considerable more blurred, so that it is no longer genuinely the case that Merchant Accounts focus all of their efforts on attracting business

from bigger clients with PayPal still looking for the smaller business customer.

For example, it was not all that long ago that, if you wanted to build an online store with a 'shopping cart' facility included so that your customer was able to collect together several items before checking out and making (one) payment, then it was a Merchant Account that you needed.

Now, PayPal also offer exactly the same shopping cart facility as the biggest Merchant Account providers.

What's on offer?

Another consideration is that whilst PayPal provides a totally integrated service that both processes the credit card payment itself and deposits those funds in an account held in your name (after the deduction of charges) many Merchant Accounts provide only the receiving account.

The actual processing of the credit card itself is the job of another company, so, whilst many online Merchant Account providers try to provide a totally integrated, all-in-one service, many older fashioned providers do not.

Some still charge an Application fee, whilst many no longer do so as the market becomes ever more competitive.

Here a few samples of the different types of Merchant Account and "quasi" Merchant Account services that are now available, and what they can offer:

2Checkout.com

<https://www.2checkout.com/community/>

2Checkout.com (or 2CO as they are more widely known as) offers a service that is effectively a hybrid between PayPal and a traditional Merchant Bank.

You pay a \$49 set up fee, and the charge on incoming credit card payments is a hefty 5.5%, but, once the 2CO account is set up, they will basically do everything for you.

In fact, you can even accept PayPal payments through your 2CO account, in addition to the credit and debit cards that you would expect to be able to accept.

And, in a similar manner to PayPal, if the product that you are selling from your site is a 'one-off' deal, then you can create a payment button that you copy and paste onto your sales page in exactly the same way.

So, why do people use 2CO rather than PayPal?

Firstly, there is no difficulty in getting 2CO to send money directly to your bank account, and, as we have already established, PayPal do not always make that easy!

Secondly, it is a fact that many more serious online business people and entrepreneurs are not comfortable about dealing with PayPal, and 2CO is often seen as a more professional and reliable alternative.

PayPal, despite all of their on-going efforts to change the company image are still seen as a company that specialize in garage sale type businesses in some quarters, and many businesses do not want that association.

Merchant Express

<http://www.merchantexpress.com/>

Merchant Express is one of the 'new breed' of ultra-competitive 'real' Merchant Account providers who, whilst not dispensing entirely with all of the formalities, are still making it far easier and cheaper to apply for a Merchant Account.

Indeed, retaining some of the formalities is, in fact, quite a positive thing, as the fact is that these formalities can work to your advantage, as you will discover just a little later.

However, as an indication of the kind of services that many more 'cutting edge' Merchant Account providers are now giving away free in an attempt to attract your business, Merchant Account Express offers free account signup, a free credit card processing account (with one of the market leaders, Authorize.net), free software, a free shopping cart, 24/7 online support and a same day account acceptance decision.

And the fees and levies that Merchant Account Express quotes are highly competitive and attractive as well.

For example, whilst the average charge rate on credit card transactions across the industry is 2.65%, this particular organization is charging only 2.33% (which is, interestingly enough, marginally cheaper than PayPal's absolute cheapest rate of 2.34%).

Then, their fee per transaction is only \$.24, as compared to the industry average of \$.35 (and PayPal at \$.30)

Now, the fact that organizations like Merchant Account Express are fighting so hard for as much business as possible does not, sadly, mean that they are going to be perfect for every person and their particular business.

For example, one thing that you must appreciate is that, in order to enjoy these extremely low fees, you must have a business registered in

the USA, and moreover, you must not be operating in a business that the Merchant Account providers would consider to be a 'higher risk' industry.

This is, unfortunately, a common characteristic of many of the merchant accounts that are advertised online.

However, returning to the point made a little earlier about the formalities of applying for merchant account, one thing that almost all providers still insist on doing is calling you by telephone to discuss your application.

Do not view this as a disadvantage!

This is, in fact, a great opportunity for you to try to negotiate a better deal than the one that is advertised online for general consumption.

If, for example, you are operating a large-scale business, then the chances are that you may be able to negotiate the rates and fees down even further, irrespective of the business type that you are involved in.

Also, you need to understand that organizations like Merchant Account Express are not divisions of any one banking corporation in the way that WorldPay are, for example.

Instead, they are third-party intermediaries who act as processing agents by bringing wholesale money to the markets at the most competitive rates, money that comes from a wide variety of banking corporations of differing financial standings.

Thus, organizations like Merchant Account Express do not make their own operating rules. They operate according to the instructions and restrictions placed on them by the banks and financial institutions who provide the funding.

Under normal circumstances, they therefore are obliged to stick to these rules, but you can always ask to see whether the regulations can be 'bent' a little!

Banc Certified Merchant Services

<http://www.banccertified.net/>

Bank Certified Merchant Services is another Merchant Account provider who is trying to make a big name for itself in the 'discount' merchant services market.

They offer most of the same features and facilities as Merchant Account Express, such as free application and free equipment, plus credit card and debit card processing included in the package.

But, on their website, Banc Certified do not quote fees or interest rates, because they base their charges on the rates quoted by Visa and MasterCard, which change relatively regularly.

Thus, their claim is that they will beat the rates on offer from any other Merchant Account provider.

So, being a bit sneaky, if you could get somebody like Merchant Account Express (or any other provider) to quote you lower rates than those shown on their website, you should do everything you can to get these discount rates in writing.

Then you can then go a long to one of their competitors like Banc Certifies and ask them for even lower rates!

Offshore/High Risk Business Merchant Accounts.

<http://www.merchantseek.com/offshore-merchant-account.htm>

Over the past couple of years, many new offshore Merchant Account service providers have come online.

These are organizations that provide their services from offshore tax exempt locations with minimal or no regulatory requirements, who should accordingly be able to provide lower fees and rates, or alternatively, an expanded range of services.

So, somewhat obviously, the first thing that you should note about such Merchant Account providers is that you do need to exercise more than the normal degree of caution.

Whilst many are no doubt completely reputable, equally obviously some will not be quite so commendable.

However, partially because of their tax-exempt status, many offshore based Merchant Account providers will be capable of offering considerably lower fees and rates than comparable onshore providers.

For example, Chronopay (as per the URL above) charge no monthly fee and have no initial setup costs either.

Furthermore, they are willing to look at applications for Accounts from many of the businesses that the traditional providers considered to be 'higher risk', such as:

- Online pharmacy
- Gaming
- Gambling
- Travel
- Ticketing

- Adult entertainment
- Retail

And so on.

So, the offshore and higher risk business merchant account providers do have a role to play in the market, too!

Chapter 5: Is PayPal Is A Better Bet?

If we were to consider a comparative summary of the services of the merchant accounts that we have looked at so far set against those from PayPal, it would be very difficult to see a great deal of difference.

In fact, it may even appear that PayPal has some major advantages (simplicity, competitive fees etc) over many of their competitors.

Thus you might ask yourself why many leading online business entrepreneurs would still prefer to work with 2CO, for example, when their fees are obviously considerably higher than those of PayPal?

And, the answer to this question lies within one of those seemingly unexplained or 'mysterious' aspects of PayPal, one that you will not find mentioned anywhere on their website.

Put succinctly and at its most basic, PayPal are not a bank nor are they a 'finance' company.

They are as previously established a privately owned payment processing company.

Thus, PayPal have absolutely no need to follow any federal, National or International banking regulations, and this is a 'loophole' that they have, over the years, sometimes been guilty of using, and (some might say) abusing.

International banking regulations were created and established to prevent the average man from suffering hardship and issues such as having their bank account frozen for weeks or months with no explanation.

PayPal are still (at the time of writing) not subject to such rules.

They are still as close to being a law unto themselves as it is possible to be, answerable to nobody but the bosses at eBay!

What this means is that PayPal can do exactly what they want with your account, and there is little or nothing that you can do about it if they decide to do something that causes you and your business a major inconvenience or operating hiccup.

This matters a great deal, because of one other thing that differentiates a 'real' Merchant Account from PayPal.

You now know that, if you are using a real Merchant Account from a large scale globally recognized financial institution then your interests are heavily protected by International banking laws and regulations.

However, under those same regulations, a Merchant Account is legally obliged to directly deposit your monies into your personal or business bank account. Thus, you have total control over those funds and they are protected by applicable laws and regulations at all times.

With PayPal, your money is deposited and retained in a PayPal Account, and guess who has complete control over that?

Of course, PayPal do, and they can do exactly what they want with your account and any money that is in it.

Now, I stress again that for the vast majority of folks, this is probably never going to represent a big problem, but it is a fact that you are trusting an unregulated, privately owned commercial entity to take care of your money.

PayPal can, for example, freeze or suspend your account at any time without any real reason.

And, once an account is frozen, PayPal can literally make you jump backwards through hoops to get it unfrozen, with absolutely no guarantee of success.

Remember, PayPal are answerable to no-one except PayPal, so they can limit your account for how ever long they believe there is a problem.

Once the account is frozen, that is it, your money is tied up until further notice, and there is no-one who can help you!

You can lose access to your cash for months on end with no recourse whatsoever to any form of independent arbiter.

Imagine if your PayPal account were to be the one that you rely on to fund your business, then you could potentially suffer a very rapid 'domino effect' in this situation.

If, for example, you are a merchant who supplies customers with tangible, real world goods (rather than someone who makes and sells digital products) then you need to be able to pay your suppliers.

If you cannot, then they will not fill your 'parts' orders either.

Your customers will in all likelihood try to be patient with you for a while, but inevitable they will eventually want to know where their goods are.

When you cannot answer their questions satisfactorily, then perhaps they lose patience, and start lodging disputes and credit card chargeback claims.

This gives the appearance that you are trying to cheat your customers (by accepting money but not delivering the goods) making it look for all the world as if you are engaging in fraudulent behavior!

The bottom line is that PayPal have total and absolute control over your account, and are still not answerable to any independent third party should they do anything that you are not happy with.

And, despite the fact that they do seem to be making genuine steps towards satisfying all of the requirements for attaining true bank status, they are not there yet, and, until they are, then this situation will, in all likelihood, continue to apply.

So, to return to the original question, why are businesses and entrepreneurs all over the world willing to either pay considerably higher charges (2CO) or make a lot more effort to get a Merchant Account rather, than use the far simpler PayPal system to accept credit and debit cards?

Firstly, because they know that many potential customers still perceive businesses that use PayPal as 'small time' operations, those that cannot get a 'real' Merchant Account who have little or no financial standing or credibility (or credit).

And secondly, because dealing with a real Merchant Account provider is the only safe and secure way of making sure that your money comes to you in your time frame, and not according to the internal rules of a relatively unregulated privately owned business like PayPal.

Real businesses want to have as much control over their own destinies as possible, and using PayPal is perceived by many as giving away far too much control at the end of the day.

Chapter 6: Different Payment Scenarios

Introduction

The basic reason that you would be considering using the services of PayPal or a Merchant Account is that you want to sell products or services online and thus you need to give customers a way of paying you.

But, not every payment scenario is going to be the same, and there may be some situations where one method of processing a payment is more appropriate than another.

Let's look at a few different situations, and see exactly how and where PayPal fits into the picture.

For example, you may have sold an article on eBay and be collecting a single payment for that article, whether it is a 'real world' tangible product like a carpet or an electrical appliance, or a digital product like an ebook or a software program.

This is a very straightforward transaction that amounts to little more than the successful bidder hitting a few buttons to complete the payment and thus the purchase.

The majority of eBay customers will do this through PayPal, a scenario to which the service is perfectly suited.

This is principally because the whole eBay check out and payment system is designed to gently persuade you to use PayPal!

Or, looked at the other way, eBay can work with other forms of payment, but is certainly quite happy to make it a lot less easy to do so, and PayPal therefore becomes the choice of convenience almost by default.

Which is exactly what PayPal's masters want, of course!

Now, as I imagine you may already have gathered from what you have read so far, I am not one of the many millions of marketers who always believe that PayPal are necessarily best choice in every situation, always trying their best to help me and you succeed.

The fact is that, although I would again emphasize that they do appear to be improving in their attitude to their customers. Nevertheless, I would still suspect that PayPal are only going to help you in so far as doing so does not conflict with their own interests.

So, in my opinion, whilst I accept that there are times when you must use PayPal, then you must make absolutely sure that you follow these two strict rules to the letter:

- Keep as little money as possible tied up in PayPal and
- When you do get money into your account, move it out of there as quickly as possible.

Creating Your PayPal “Buy Now” Button

Similarly, if you want to sell single items from your own website, especially digital items like eBooks or software programs, then PayPal offers a very simple option that is definitely going to be the most effective payment solution 95% of the time.

There are two reasons for this.

Firstly, despite my assertions earlier that many serious business people do not take PayPal seriously as a bona fide credit card payment system, the situation with internet marketers in particular is very different.

For most people with online businesses, PayPal is the de facto ‘accepted norm’, and often the only payment processing system that they are comfortable using in many cases.

The second reason is that using the ‘Buy Now’ buttons that you can easily create from the PayPal home members area make it very simple to enable your customer to complete their purchases immediately. This means that the customer gets their goods and the money arrives in you PayPal account in double-quick time.

To create the ‘Buy’ button, you simple need to login to your account and click on the ‘Merchant Services’ tab at the top left of the PayPal account opening page. Then look for this:

↖

4 powerful solutions to meet your business needs.

PayPal Website Payments Standard

This is a quick and easy way to start accepting credit card-funded payments online. A simple integration into your shopping cart allows your customers to pay securely and easily.

[Learn more](#) | [Technical overview](#) | [Compare](#)

Key Features

- [PayPal Shopping Cart](#)
- [Integrated Shopping Carts](#)
- [Buy Now Buttons](#)
- [Subscriptions & Recurring Payments](#)
- [Donations](#)
- [Gift Vouchers](#)

[View all features](#)

PayPal Website Payments Pro **NEW!**

Click on the highlighted 'Buy Now Buttons' and then, on the next screen that you see, you may need to click through another step shown as 'Implement Buttons' (sometimes yes, sometimes no).

This brings you to the screen where you can begin the actual button creation process, and, once the button creation process is complete, then all you need to do is copy and paste the code that PayPal generates onto your webpage.

Now, without wishing to state the obvious, you would like as many of the people who are visitors to your website to become buyers.

Thus it is your job to make sure that you ensure that the purchase process is as easy and smooth as it could possibly be for your site visitors.

This means that if you are delivering a digital product, for example, you must make sure that it is delivered to the customer as quickly and as efficiently as possible after the purchase process is complete.

Doing this means that you have a happy, satisfied customer (as long as the product matched their expectations, but that is another story entirely!) and a happy customer represents your best chance of creating a long-term repeat customer!

So, whilst it is very simple to create a basic PayPal 'Buy Now' button, you should take a little more time and make an effort to make sure that you do it right.

Another thing that you always have to bear in mind is that there are some very, very smart people out there, and a few of those folks would like nothing more than to rip you off!

As we have already seen, there are quite a few ways that these cyber-criminals can attempt to attack your PayPal account.

Another way that they can do this is by 'stealing' your PayPal button, so that, instead of sending the customers money to your account, it goes to them!

This is extremely bad news for two reasons, one of which is possibly not as immediately obvious as the other.

Sure, you lose the money (the obvious reason) but there is little chance that the customer is going to get the product either, so you will very possibly get a PayPal dispute lodged against you too.

The customer will claim that he paid his money, and that he did not receive the goods in return.

Both assertions are 100% factually correct, of course, but the fact is that the money did not arrive in your PayPal account either, and therefore it is obvious that you did not get paid.

Thus it would be equally obvious that, should there be a dispute (which is pretty much a given in the circumstances) then PayPal would obviously support you and help you out, right?

The truthful answer is possibly yes, but equally possibly no.

This is one of those situations where your best interests may not match those of PayPal, and so there is absolutely no guarantee one way or the other.

Put it this way. You will read later of just how illogical PayPal can appear to be when they there is any kind of dispute, and so, with every case apparently judged on its own merits, the answer is, who can tell which way any dispute will go?

Anyway, it is most important that you create your PayPal 'Buy Now' button the right way for both you and your customer.

Here is how you do it. You enter the product name and price at the top of the first button creation page.

Scrolling down the page a little, you are then offered the choice of using the standard 'Buy Now' button that is preloaded, choosing another button that PayPal has available or using your own image.

Opinions vary, but I tend to avoid using anything that the customer is likely to be unfamiliar with, as that may cause them to hesitate to proceed with the purchase.

So, I tend to use one of the standard PayPal buttons, but generally not the default one, simply because most people are too lazy to change it, so this is what you see all over the place.

Be a little bit different from the crowd if you can, but not so much that you risk putting your buyer off.

Choose a button to copy to your website (optional)

 [Choose a different button](#)

Customize your button by entering the URL of any image on your website.

Yes, use my custom image

Button Image URL: ?

Button encryption

Yes

Your item price and other details are [encrypted](#) and cannot be altered.

Note: Selecting encryption means you cannot use option fields or create email links.

No

Non-encrypted buttons allow you to directly modify your HTML code, create [option fields](#), and generate email links.

Shipping Method Options

Configure your shipping method options for this button.

- Use my shipping calculations set up in my Profile ?
- Use a flat rate amount USD ?

Sales Tax Options

Configure your sales tax options for this button.

- Use my sales tax calculations set up in my Profile ?
- Use a flat rate amount USD ?

[Create Button Now](#)

[Add More Options](#)

Make sure that the 'Button Encryption' check box is left as 'Yes', leave everything else pretty much as it is, and move to the second page by clicking 'Add More Options' at the bottom of the page.

Now you have the opportunity to 'Customize your buyer's experience'.

This is where you have the chance to make the buying experience as easy and as pleasant as you can for your customer, so take a moment or two to make sure that you do.

Remember to insert the 'Successful Payment URL' that your customer will be taken to complete the purchase, and that they are transported through the whole 'check out' process as smoothly and comfortably as possible.

You may want to insert the URL of your direct download webpage, so that they are able to download whatever digital product they have bought immediately (if you are selling a tangible, non-digital product, then this may be a page where you can begin to arrange delivery).

And, please note that, even if you are trying to build your business by creating a mailing list, do not try to force your customer to join your mailing list in order to get their product.

They just made payment, so you really have no right to try to strongarm them into giving you anything more!

What you can do, however, is ask them to join your mailing list, so that you can send them all of the planned product updates for free, in addition to details of other interesting products from time to time.

Asking them is perfectly acceptable, but do not be tempted to force them, because all that does is change a happy customer into an unhappy one!

Alternatively, if you are familiar with the concept of sending your customer to an attractive and relevant 'One Time Offer' page, then you could do that instead, and then send them to the download page.

Either is perfectly acceptable.

Complete the 'Cancel Payment URL' (where they will be taken if they do change their mind – most often back to your home page) and that is basically it.

Proceed to 'Create Button Now' and you will see the code that PayPal create for you.

It is, as you will see, a very long piece of code indeed, so make sure that you do manage to copy the whole thing before pasting it into your sales page!

And, that is it, your PayPal 'Buy Now' button on the sale page, which is again another place where using PayPal is pretty well an ideal solution.

Keep Your PayPal Balance Low!

Of course, PayPal will claim that they can handle any form of financial transaction that you could ever wish to generate from your website, and that is no doubt true but the more appropriate question should be, do you want them to?

As suggested earlier, you should not allow large amounts of cash to build up in your PayPal account.

So, five or ten sales of a \$27 infoproduct should represent no big deal, but if you have one hundred customers who are all members of your

subscription based private members site, then things could get considerably more complex.

In this scenario, you are likely to have different amounts of money coming in almost every day, so it is quite possible that substantial sums of cash could build up quite quickly.

This is really not an ideal situation because, as already established, at this point, that money is not entirely controlled by you.

So, for membership subscriptions of this type, I would personally prefer to work with a payment processor such as 2CO, rather than PayPal.

Or, you may be selling high price ticket items from your site, at say \$999 or \$2999 a time.

That's just way too much cash to leave lying around in an account whose access privileges could be frozen at any time.

Plus, so much money going through your account (especially if this is something that has not happened before) is quite likely to trigger an even worse situation, as you will discover in the next section.

Chapter 7: Why Does PayPal 'Restrict' Accounts?

Here is what happens, and remember, this is no theory or hypothesis. This is exactly what did happen in one specific case and can very easily happen to you tomorrow!

You are quite happily using your PayPal account for a year or two (or ten) and then, one morning, you log in to discover that, great, you made a couple of sales overnight.

You also discover that PayPal have decided to 'limit the access' to your account, often on the basis that they suspect some kind of fraudulent activity.

That basically means that your account is now frozen, and that you cannot get any money out of it, no matter how difficult that might make life for you.

So, what causes PayPal to freeze your account?

Well, basically anything that happens with your account, or anything that PayPal might believe could have happened is more than sufficient to trigger it (remember that they can do exactly what they like with your account?).

Now, getting any kind of definitive response or answer to a question like this is unlikely to get any useful response, but it seems likely that many of the initial 'red flags' that go up at PayPal are most probably computer generated.

Next, they probably also involve people checking individual cases from time to time as well, although it would appear at best improbable that a person could review each and every case, at least in these initial stages.

Some of the reasons that it is suspected that your account might be suspended are as follows:

- Too much money moving through your account. If you have previously sold \$27 products and then sell something for \$999, or \$5000, that could be a trigger
- Logging in from too many different IP addresses, especially if the IP address is in another country (remember that this was one of the reasons shown in the 'spoof' email in the 'Introduction' to this report)
- You registered a credit or debit card (or maybe a bank account) that someone else used at some time.
- You bought an item that is a common item sold by fraudsters and cyber-criminals who use PayPal to steal

- You accessed PayPal through an anonymous or highly anonymous proxy service.

And so on and so on. The list of the reasons why PayPal may have frozen your account are literally only bounded by your imagination or, at least, by theirs!

And note very carefully how this works.

You wake up one morning, and login to find that you can no longer access your cash.

PayPal give no reasons as to why they have done this, as they do not have to.

Nor, it seems, are they willing to bother with the niceties either.

They would never, for example, warn you that they suspect that there may be a problem, followed by a 24 hour grace period in which you can contact them to discuss the matter, failing which they will freeze your assets.

In other words, because of the lack of regulatory control, as it currently stands, PayPal are the prosecuting lawyer, the jury and the Judge all rolled into one.

You are guilty until you can prove yourself innocent and it is entirely your responsibility to prove that you are innocent!

So, how do you prove your innocence?

Well, in the resolution area of PayPal account, you will find a 'task' or several 'tasks' that PayPal require you to complete so that they can unfreeze the account.

Follow these instructions, and PayPal should act reasonably quickly but this is not always the case, as many of the 'PayPal horror stories' that can be found all over the internet will attest to.

Again, they should act, but there are no external third party regulations in place that will force hem to, thus offering protection to you, the customer.

+++++

Maybe you will remember from earlier in this report that I suggested that PayPal have at times been guilty of illogical or even arbitrary behavior in the way that they have handled their customers funds from time to time?

The dangers of over-reliance

Here is an example that I hope will demonstrate what I believe to be the dangers of over-reliance on PayPal as the payment processor for your business activities.

A perfectly ordinary internet marketer of my acquaintance was running a perfectly standard IM business, selling ebooks and software from his own web sales page.

For reasons many and various, he had his account frozen or 'restricted' (which basically means the same thing) and thus began what eventually proved to be the very difficult task of getting the restrictions lifted.

Before the whole episode had begun, however, my friend had sold a software program for \$47 and used his PayPal account to collect the monies due.

The software program was automatically delivered through the same PayPal set up that was demonstrated earlier, and was then followed up with a personal email to the customer, checking that everything has been received and that there were no problems.

This elicited a very genuine and happy sounding 'thank you' email note in reply.

So far, so good.

Then my friend received a note in his PayPal members area (which I saw) telling him that PayPal had decided to investigate the case.

Note that there had been absolutely no complaint at all from the customer either to the seller or PayPal themselves. It was simply that PayPal had decided to investigate because it seemed like a good idea to them, I guess.

PayPal then sent a mail asking my friend for his version of what happened.

He replied (with copies of the emails both to and from the customer querying and confirming receipt of the ordered product) within 24 hours of the request being made.

PayPal then gave the customer 30 days to send her comments or reply back to them.

She did nothing, presumably because she probably saw little reason to get involved when she had the product, and was happy using it.

So, given that she did not reply, and made no complaint at any time, the logical end result should have been that PayPal would assume that there was no problem, and let the matter drop.

What actually happened is that they sent her the \$47 back!!

That is, \$47 that she did not at any time ask for, \$47 which she paid for a software program that she had confirmed in a written email she had indeed received (and was very happy with!)

Now, if there could be any response to such a situation that is less logical (or indeed, less fair, but that is not the point in question) then I myself cannot see it.

So, PayPal now have one very aggrieved and obviously wronged customer, but, the key question is, who is he going to complain to?

The only people he could complain to are PayPal and, as he suspected they would, they 'investigated' and took no action.

Now, as I hope I have emphasized sufficiently, I do sincerely believe that PayPal are making efforts to clean their act up, but this happened only a couple of months (not years) ago, and is an indication that PayPal are still a long way from getting to where they seem to be going.

The bottom line is that, however much progress the company may have made, PayPal are still only answerable to themselves and their bosses at eBay.

And whilst that situation stays as it is, then you and your business are still, effectively, at their mercy if you entrust all of your payment processing to them.

Conclusion

In general, PayPal are a very efficient company who offer a great service at very reasonable rates, and most people doing business online could not work without them.

However, by now I trust that you have realized that, whilst you have not, in all probability, had any great problems in your dealings with PayPal so far, it can happen.

Perhaps you can also see the dangers inherent in allowing an organization that is, as yet, not subject to international banking laws to have total control over your business finances and consequently your life as well.

The bottom line is that, if you are involved in online business or internet marketing in any way, I understand that you have to use PayPal, and that is an unavoidable fact.

Indeed, I use them myself every day, and, for the vast majority of what I do in my online business ventures, they are an almost perfect 'fit'.

But, I am urging that you should not be unaware of the possible 'downsides' of working with PayPal.

In particular, be aware that it is a very simple matter to ensure that, should PayPal ever decide to restrict your account for whatever reason, they do not take your business down in the process.

Let me remind you that all you need to do is:

Keep as little money as possible tied up in PayPal and

When you do get money into your account, move it out of there as quickly as possible.

And, here is one final thing that I would recommend.

My friend is by no means alone in being an internet marketer who has been 'burned' by PayPal.

He, perhaps not surprisingly, will do everything humanly possible to avoid ever using them again, as will far more people than you possibly realize.

The fact is that, if you cannot offer alternative payment methods to PayPal, then you are risking losing business because of it.

Thus, I would strongly urge you to put the wheels in motion now, by looking at some of the alternatives suggested earlier in this book.

Do not wait until you have problems before you take such a simple step towards protecting your business, because by then it may well be too late.