

PayPal

BASICS

This was simply put together to give you a basic idea about what PayPal is and a little on how it works.

By all means
check out www.PayPal.com
for more information,

What Exactly Is PayPal and How Does PayPal Work?

Answer: PayPal is the world's most popular "middleman service" for online purchasing. Where money grams and wire transfers were the standard in the 20th century, today over 99 million Internet users prefer to use PayPal to send money to each other via email. PayPal has become such a convenient and trusted way to transfer money online, 95% of eBay's purchases go through PayPal.

How PayPal Works.

As an online [financial](#) transaction broker, PayPal lets people send money to each other's email addresses. At no time will either party see the other's [credit card](#) or bank information.

Similar to an escrow service, PayPal acts as the middleman holder of money. Through its policies, practices, and business integrity, PayPal has earned the trust of both parties. With multiple guarantees in place, buyers and sellers entrust PayPal with their [credit](#) card and bank information. PayPal keeps that private customer information secret. Then, while "blinded" from the other party's confidential information, strangers safely send money to each other through PayPal and email.

PayPal Requirements

You need no special technology nor a business license to send/receive money through PayPal. The only requirements are:

- a valid email address.
- a valid credit card or bank account.

Precisely because it is so easy to use, PayPal is the favorite of millions of amateur sellers and buyers around the world.

How Does PayPal Make Money and What Its Costs Me?

Answer: as a middleman [financial](#) broker, PayPal makes its profit by charging a percentage of the money it transfers for you.

- **PayPal is Free for Buyers.** Once a buyer sets up a Paypal account, then it costs nothing to send money to other PayPal users. The funds are withdrawn from the user's [credit card](#) or bank account, or both. PayPal does not charge buyers to send money.
- **PayPal Charges Sellers 1.9% to 2.9%.** PayPal will only charge you to receive funds. Using a special surcharge formula, PayPal will bill you whenever you receive a payment from a buyer.

Paypal Fee Table:

For receiving transfers under \$3000 USD: the fee is 2.9% + \$0.30 USD.

For receiving transfers \$3000.01 to \$10,000: the fee is 2.5% + \$0.30 USD.

For receiving transfers \$10,000.01 to \$100,000: the fee is 2.2% + \$0.30 USD.

Receiving transfers over \$100,000: Paypal charges 1.9% + \$0.30 USD.

As you might guess, smart sellers will increase their prices to offset this charge on their side of PayPal.

What Can I Use PayPal For?

Answer 1: eBay purchasing. eBay sellers prefer to receive their payments via PayPal.

If you want to participate in eBay, it is imperative that you set up a PayPal account for yourself. Over 90% of eBay sellers choose PayPal as their trusted method of choice for taking payments. eBay does own Paypal, so you can be confident that its ownership is motivated to keep it a stable and reliable service.

Furthermore, PayPal is very amateur-friendly. Whether you are a new buyer, or someone just starting out as a new seller, Paypal is truly the most convenient way to do trusted payments online.

Answer 2: PayPal is also good for personal transactions. You don't need to be on eBay to use PayPal. PayPal is also ideal for moving money between strangers, without using [credit card](#) or personal information. Maybe you want to collect money for your sports team, your church, or your next group purchase of camping gear.

- **One PayPal Example:** if you want to arrange a group discount purchase of paintball gear for your paintball club, you can coordinate with your friends by email, and have them send you their payments through PayPal.
- **Another PayPal Example:** you find a digital camera you really like at an obscure online store in Ohio. Instead of trusting a strange store with your [credit](#) card, you funds through PayPal instead.

How Safe Is PayPal?

Answer: PayPal is as safe as any [online bank](#).

Although no system is 100% foolproof, PayPal has designed many checks and balances into its system to keep errors and fraud to a bare minimum. You won't find another online [financial](#) institution that's better at protecting its customers than PayPal. By utilizing the very latest in secure technology and employing a large team of experts in all areas of on-line safety, PayPal continues to be a leader in safe online payments around the world.

1. PayPal is guaranteed against fraud and identity theft. PayPal guarantees 100% protection against unauthorized payments from your account. Every transaction is confirmed by email to the PayPal account holder. Any transaction you wish to dispute will give you access to a 24/7 support team of analysts who will sort out your problem for you.

2. eBay purchases can also be insured up to \$1000 through PayPal. A service called "PayPal Buyer Protection" is another way that PayPal will certify that certain sellers are trustworthy.

3. PayPal's Anti-Fraud Team works 24/7 Using sophisticated risk models and advanced technology, the team is able to detect, and often predict, suspicious activity to help eliminate identity theft. The anti-fraud team's sole job is to make every PayPal transaction as safe and seamless as possible.

4. Many other PayPal safety measures distinguish the service from its competitors. (More technical details on PayPal safety are available [here](#)).

How Do I Get Started With PayPal?

Answer: you need to first choose a type PayPal account, and set that up for yourself.

Here are your three PayPal account choices:

Choice 1: PayPal Personal Account

This is the basic PayPal account that lets you pay for your eBay purchases with ease. You can use it to send and receive money. You can send funds to anyone with an email address in 55 countries and regions. Personal account will even let you accept payments should you sell something via eBay. The catch: you can only accept payments from other PayPal accounts, and you cannot accept [credit](#) or [debit card](#) payments.

There is no fee for either the Personal account or the transactions you make through it. There is, however, a limit on how much can you receive per month. If you plan to sell a high volume of product, the Personal account might be too restrictive.

Choice 2: PayPal Premier Account

This type of a PayPal account has all the functionality of the Personal account, plus you can accept credit and debit cards, and bank account payments. Premier account also offers such features as “shopping cart” and payment reporting tools. This account type is good for a serious amateur seller who wants to move items online on a regular basis.

There is a fee to have a Premier account; please check PayPal web site for details. The setup process of a Premier account is similar to that of a Personal account. If you currently use a Personal account, you can always upgrade to Premier.

Choice 3: PayPal Business Account

This is the business [class](#) of a PayPal account, best suited to individuals running a large scale online business or online store. Business account allows you to operate under your business name, and use Reporting and eBay Tools with no restrictions on transaction size. It is the best choice if you expect complex Accounts Payable. There is broad functionality for the business owners that helps them to manage very large amounts of sales with ease.

Like Premier, there is a fee to have this type of account; please check PayPal web site for details. The setup process of a Business account is similar to that of a Premier account. If you currently use either Personal or Premier account, you can upgrade to Business.