



Rob Cathcart: Marketing Superhero

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The Paypal Solution for Receiving Money Online (via Email or Internet)

This is not an endorsement of Paypal. There are many alternatives available to facilitate online transactions and each with different features and attributes. But for those wanting a quick, simple solution, with everything conveniently bundled into what is essentially a free service, Paypal is it. For many Paypal is a great place to start. For others, Paypal is all they ever need.

The Solution

Paypal is an online bank. There is no cost with having a Paypal account, you simply register and get verified. You access all your account info via your username and password.

Paypal bundles all the required elements needed (Merchant Account, Gateway, Secure Server). You can use your Paypal account to create Merchant tools like any online retailer or non-profit. Receive money or send money, create shopping carts, set up auctions and more.

People sending you money or making purchases via PayPal do not need to be a Paypal member. You can accept credit cards and checks. When a transaction is complete funds will appear in your Paypal account. You can "withdraw" those funds to your designated bank at any time.

What you need before you start

Bank account

You can use an existing bank account but it can be safer to create a bank account specifically to receive Paypal transactions.

Email address

Paypal will only associate one email address with one bank account. Think this through carefully so that the email you choose will serve the purpose you need it for. It is recommended that you create an email account specifically for Paypal business such as orders@yourdomain, foundation@yourdomain, estore@yourdomain

Pick a Paypal Manager

Assign someone to be responsible for the day-to-day management of your Paypal account.

Web Site Manager

Someone familiar with HTTP code will be needed to paste code (provided by Paypal) onto your Web pages. This requires host access and the ability to upload files to your Web host server.

The Essential Elements of Online Transactions

Merchant Account

If you are going to do electronic/online banking you have to have an "online" bank account.

Gateway

An on-ramp to the financial communication network.



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Shopping Cart

Software that basically serves as a database manager to store info about the products you are selling. e.g., Description, price, picture, etc.

Secure Server

Wherever the shopping cart data is located it must be on a certified secure server.

About Any Credit Card or Electronic Transaction

This is a brief description of the process that happens in the background. Many people find it helpful in understanding their set up. Others don't want to know.

A Seller must have a specific account called a Merchant Account from a Merchant Account Provider. These folks have the technology that communicates with credit card banks. All of this communication happens over a super-secret financial data network. In order to get connected to the network a Seller with a Merchant Account must have a Gateway.

When a transaction occurs (a buyer submits his/her credit card info) the technology basically asks the bank, "is this card legit and does the holder have authorization to spend this money?" The bank replies with an authorization code and, if authorized, transfers the funds to the Sellers selected bank account. Ta Da!

In the process the Merchant Account Providers and Gateway Providers must get paid. Providers get paid by taking a bit of the Seller's money. Before the money reaches the Seller's bank account these services take on average approximately 3%. Depending on sales volume different Sellers may see higher or lower rates.

Paypal is both a Merchant Account Provider and a Gateway.