

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.