

Paypal case study



Paypal Case Study Paypal provides individuals and businesses with email addresses a means to receive and send online payments by using the financial backbone of banks and credit cards. Although paypal enables millions of users globally to conduct business, there have been lots of criticism against paypal. The major causes of these criticisms are as follows: Paypal freezes customer accounts if it suspects fraudulent activity. This happens in around 1 percent of the cases. Since it takes some months in many cases for the the matter to get sorted, merchants don't get paid on time and they feel that paypal delays processing their accounts inorder to gain interest on the amount due.

Lots of paypal sellers do not receive payment for items sold through paypal due to credit card fraud and blame paypal for it. Likewise, many buyers do not receivee the goods ordered and paid via paypal as the merchant was bogus and hence blame paypal for not verifying the sellers.

Paypal contact number is not easily found on their website. The number is buried deep inside their website. Customers believe that paypal does it on purpose so that they will not be contacted easily. Moreover, the customer service number for personal accounts is not toll free and since there is usually a long wait time. Many users also complain that the Terms of Service are not fully disclosed during sign-up.

Due to a Paypal email password scam, a lot of user passwords have been hacked. Although the emails requesting passwords were not sent by paypal, this has affected a lot of customers and cost them a lot of money.

Inspite of all the criticism it faces, paypal is an increasingly popular method of payment which satisfies a niche market of e-tailers who favor it due to its low transaction fees and global usage. Paypal has been accused of being

unethical. But the steps which Paypal has taken to reduce criticism, given below, prove that this accusation is not true.

How Paypal prevents fraud

In order to combat buyer fraud, paypal uses advanced software to detect any pattern of suspicious behavior. If paypal detects a suspicious payment it flags the transaction as 'pending reversal' and may freeze the account. In case a chargeback has been filed against a seller, paypal notifies the seller immediately and freezes his account. Since the amount subject to chargeback is deducted from paypal's bank account, the seller's account is debited by that amount. The seller can monitor the case by going to the Resolution Center and once the seller wins the dispute, the amount is again credited to his account.

In order to reduce seller fraud, paypal has a program that searches for patterns indicating fraudulent merchants. Paypal sends email confirmation of every account transaction as a measure against unauthorized payments and offers buyer protection on ebay. Buyers can protect their purchases by buying a money back guaranteed from paypal.

If paypal suspects a merchant as being fraudulent, it freezes his account until the issue is resolved (Paypal 2).

Implementing the following points can make paypal more user-friendly:

- 1) Paypal should establish a easily accessible toll free number for its users.
- 2) Paypal should resolve all pending disputes faster. Presently, it takes at least two or three months to settle a dispute.

In conclusion, Paypal is a cheaper alternative to merchant credit cards accounts and is a secure tool for financial transactions.

Works Cited

Paypal. We Help Protect Your Account - and Your Purchases. 30 Jan. 2006

< https://www.paypal.com/cgi-bin/webscr/cmd=_pbp-info-outside >