

The Pros and Cons of PayPal

Last month, I was asked for advice on choosing the right payment gateway, specifically for the pros and cons of working with PayPal over the other more expensive options. I'm keeping this list of pros and cons quite short, hopefully this will help you decide if PayPal is the best solution for your online e-commerce website.

PROS

It's Easy!

Both for the merchant using PayPal to accept payments and for the customer who needs to pay ASAP, PayPal is a great solution. As a merchant, you sign up online and place a link to PayPal on your site. As a customer, you don't even have to have ever used PayPal to send a payment through its secure gateway. The ease of the process makes accepting or sending payments a breeze.

It's Cheap!

Unlike most payment systems, you don't pay any monthly fees and they only require a pretty low per transaction fee. This means that you only pay when someone pays you, which to me is quite feasible for any business. Likewise, you are not required to purchase a Dedicated IP Address or SSL Certificate, because your site doesn't have to be encrypted – you will be redirecting all the customers to PayPal's secured systems, which already have their own IP and SSL.

It's Well-Known!

But literally, almost everybody knows what PayPal is and understands how to use it. If you have a problem, there are many websites that can help you, even outside of PayPal's help system. You can find PayPal reviews, testimonials, and can even research successful businesses that utilize PayPal for the payment processes.

It's Convenient!

If you live outside the US and don't have a credit card, you already know how helpful PayPal can be.

CONS

PayPal is Law…

Once utilizing PayPal's payment services, you must at all times abide by their rules. This shouldn't necessarily scare you away right then and there, as most of their rules are in place for a reason. However, chargebacks for what they deem “fraudulent” can hurt your business or your reputation as a customer. And the fact is, PayPal is always in charge of what is “fraudulent” and what is not.

PayPal is Unprofessional…

That's just a rumor, of course, but a lot of so-called ‘professional’ webmasters look at PayPal as an amateur payment service or will see your business as amateur if you use it. Seeing a trust logo and personalized shopping cart always helps me feel more at ease somehow than being redirected to PayPal's secure area. That doesn't mean I'm not the first one recommending PayPal to startup and home-run businesses, as it's just easier than going through the learning curve sometimes for work-at-homers or newbie webmasters.

PayPal Fraudsters are Everywhere…

All phishing and spoofing emails are terrible, but PayPal has a nasty reputation for some of the worst. This is because the spammers who make these spoofed emails make them quite believable, to the point that I have actually emailed PayPal twice about suspicious emails because I couldn't tell if they were fraudulent or not. And that is scary.

Your Site is Not Trustworthy…

I believe this to be another misconception, but a couple people have brought this up to me so I feel it's fair to list that if your website doesn't have an SSL and Dedicated IP, customers are actually less likely to buy from you. This is actually, I think, dependent on what kind of business you're running. If you're a single mom working as a web designer and I've entered into a contract with you but you only have PayPal listed for payment, that's fine! If, however, you're John Doe's Amazing Business Secrets Revealed Online and I don't see a trust logo or some kind of security, odds are I'll think twice.

In conclusion, I really think it's about what makes your business work. When I help out our clients and suggest online payment information with new webmasters, I always recommend PayPal, because it's easy, affordable, and incredibly convenient. For growing businesses, you may want to look into something more or PayPal might continue to impress you with its options.

I don't see PayPal going away anytime soon. I know people who have used PayPal for years, as a way to send and receive payments. They have had many great transactions, When they have received chargebacks that were determined as fraudulent by PayPal. They had to pursue the resolution with their customers (and recovered the money in both cases) but got NO help from PayPal. In fact, I felt that Paypal was only looking out for themselves and didn't really have much concern for the resolution at all. So, when things are going well, they are great, but when transactions go bad, they are rotten!