

# Getting started with digital payments.

A step-by-step guide for local government agencies.



More than 93% of US citizens think the government should offer digital payment options, and 88% say they will use them if they're available.\* Give your citizens what they want – and improve your agency's efficiency with online government payments from PayPal.

**We've created this guide to help you get started. Let's begin by determining if this guide is right for you:**

## Your situation

## Your next step

<b>A</b> We want to allow our citizens to pay online for the first time and don't need to integrate into an existing citizen portal.	→	Keep reading – we'll walk you through the most common questions from agencies in your situation that want to add online payments.
<b>B</b> We want to offer credit cards and PayPal as payment options, but we need to work through an existing solution provider.	→	Contact your solution provider to learn how to include PayPal on your site. You can also contact us at <a href="mailto:GovernmentSolutions@paypal.com">GovernmentSolutions@paypal.com</a> to learn more about how we work with your specific provider.
<b>C</b> We already offer online payments, and want to add PayPal as a payment option.	→	Contact us at <a href="mailto:GovernmentSolutions@paypal.com">GovernmentSolutions@paypal.com</a> to discuss your integration needs.

# Ready? Let's go!

## STEP

### 1

### Decide how you'll offer online payments.

Planning out how your payments should work can help you make smarter decisions when setting up your PayPal account and button. Start by answering the following questions:

- How many different use cases do you want to offer online (e.g., property tax, court fees, building permits, etc.)?
- How many price points are available for each payment use case? Are they at fixed amounts for all citizens? Or will the amount due change per person?
- How many agency employees will need access to the PayPal account to perform reconciliation, provide oversight, and maintain appropriate fiscal controls?

Next, estimate your anticipated transaction volume and expected dollar value.



#### TIP:

Start by assuming that 10% of existing transactions will shift from current channels to digital payments – more if you promote the online option.

## STEP

### 2

### Sign up for a PayPal business account.

It's quick and easy for your agency to [open a PayPal account](#).

For regulatory reasons, PayPal requires personal information (such as a social security number) from the account creator, even on business accounts. If this is not permitted by your agency, please contact us at [GovernmentSolutions@paypal.com](mailto:GovernmentSolutions@paypal.com) to discuss alternatives to set up your account.

You can enable [multiple users](#) to access a single PayPal business account. This supports divisions of financial duties, and is more secure than a single set of shared credentials.



#### TIP:

Use a general email address (for example, [payments@youragency.gov](mailto:payments@youragency.gov)) to set up your account. This can make it easier for your department to manage the account over time.

## STEP

### 3

### Add one or more PayPal buttons to your site.

The easier way to accept online payments is with our Pay Now button. To add a Pay Now button to your website, view our [button integration guide](#) or just follow these [step-by-step instructions](#).

You can create as many buttons as you need, and all transactions made through them can flow into your PayPal account. For example, create a \$25 button for permit fees, a \$100 button to reserve a baseball field at the city park, and an "open amount" button to accept payments for parking tickets (where the amount due might vary).

Do you have a recurring payment use case, such as monthly parking fees, where the amount does not change? [Learn more about PayPal's "automatic billing" button](#).



#### TIP:

To help distinguish between individual payments you receive, consider using the **Item Name** or **Item ID** field. Ask citizens to enter a bill number or other unique reference ID.

## STEP

4

**Process online transactions.**

Once your button is tested and live on your site, you're ready to start taking payments. Announce that you're now accepting digital payments.

As payments come into your PayPal account, the funds become available to you quickly. PayPal processes payments swiftly, and the balance can be updated in your PayPal account, usually within seconds. PayPal does not batch process.

PayPal deducts a standard [transaction fee](#) of 2.9% + \$0.30 per transaction from each payment processed, and delivers the balance to your account. Fees subject to change.

**TIP:**

To offset the transaction fee, you may choose to increase the amount your citizens pay using all payment options, including PayPal. Contact us if you need help with that calculation.

## STEP

5

**Run reports and reconcile your transactions.**

When it's time to reconcile your online transactions, you can run [standard and custom online reports](#) from within your PayPal account.

Reports can be exported in CSV and other formats for use with your accounting system.

**TIP:**

If needed, you can configure [more customized reports](#), available for download on our secure FTP server.

## STEP

6

**Transfer funds to your bank.**

All funds paid to your agency are held in your PayPal account. You have two options for transferring funds from PayPal to your bank:

1. Perform a [manual bank transfer](#) of available funds at any time.
2. Turn on a feature in your PayPal account to automatically sweep funds into your bank every 24 hours. Enable Next Day Settlement or other automated withdrawal options. Call our merchant support team at 888-221-1161 for help activating this option.

**TIP:**

PayPal does not charge any additional fees to move money from PayPal to your bank account.

## BONUS STEP



### Use PayPal for in-person credit card transactions too.

If your agency also wants to offer in-person credit card payments (in addition to online), PayPal Here can help. Here's how to use it:

1. [Add PayPal Here](#) to your active PayPal business account.
2. [Select a card reader](#) for your in-person payments.
3. [Download the PayPal Here app](#) to your tablet or phone.
4. You're open for business. Now you can accept card payments via:
  - EMV (chip) – available only with certain PayPal Here devices.
  - Magnetic stripe (swipe).
  - NFC (tap) – available only with certain PayPal Here devices.
  - Keyed card entry via the PayPal Here app.

You can also use the PayPal Here app to record, but not deposit, cash and check transactions. This allows you to use the reporting from PayPal Here to reconcile all of your transactions at once.

PayPal Here transaction fees are different than what you'll pay for online payments: US card swipe PayPal Here transactions incur a [2.7% fee](#). It's 3.5% + \$0.15 to key in cards.

Questions? See the [PayPal Here guide](#).

## FAQs

### Q: How do PayPal fees work?

**A:** PayPal deducts a [transaction fee](#) from each payment processed, delivering the balance to your account. The standard PayPal fee is 2.9% + \$0.30 per transaction. For example, if a citizen pays you \$100, we will deduct \$3.20 from the transaction and deliver \$96.80 to your PayPal account. PayPal processes payments quickly and updates your PayPal account balance, usually within seconds of processing the transaction. PayPal does not batch process.

### Q: Can our citizens pay the transaction fee?

**A:** Unfortunately, we do not have a setting that allows you to shift the PayPal transaction fee to the citizen. If your local laws require citizens to bear the cost of online transactions, you may choose to increase the total charge to offset the transaction fee across all payment options (including PayPal).

### Q: How do I keep payments for different use cases separated?

**A:** If you need to keep your parking ticket payments separate from your building permit fees, we offer two options.

- 1. Use the Item Name or Item ID field when you set up your button.** Ask citizens to enter a bill number or other unique reference ID when they pay. These details will appear in the transaction history reports inside your PayPal account.
- 2. Set up different PayPal accounts for each use case.** It's easy to create one account for your parking tickets, and another account for building permit fees. You will need a different email address for each account you create. We can help you link multiple accounts together under a single "parent," if you need to use a single bank account for all of your funds.

## Have other questions? Need more help?

Contact us at [GovernmentSolutions@paypal.com](mailto:GovernmentSolutions@paypal.com) for help with any other topics related to offering digital payment options to your citizens.

\* Study commissioned by PayPal and conducted by Koski Research. Koski Research study administered in March 2018 to 2,000 US citizens aged 18-75 who have made a government payment in the past 12 months.

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