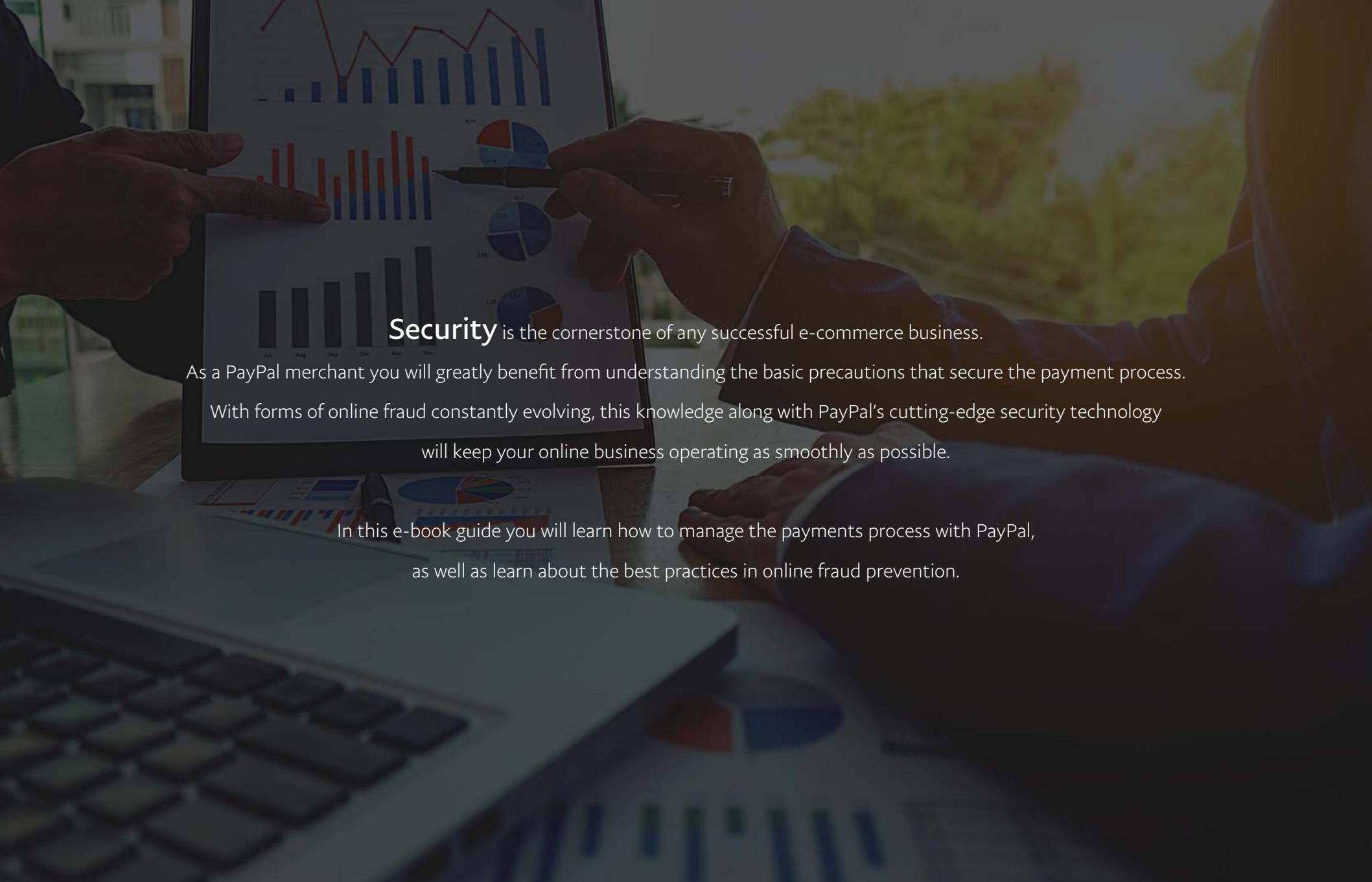




— A Guide to e-commerce Security

 **PayPal**



Security is the cornerstone of any successful e-commerce business.

As a PayPal merchant you will greatly benefit from understanding the basic precautions that secure the payment process.

With forms of online fraud constantly evolving, this knowledge along with PayPal's cutting-edge security technology will keep your online business operating as smoothly as possible.

In this e-book guide you will learn how to manage the payments process with PayPal, as well as learn about the best practices in online fraud prevention.



Chapter 1

How to Prevent Online Fraud



Chapter 2

How to Reduce Your Risk of Financial Loss



Chapter 3

PayPal's Security Advantages



Chapter 1

How to Prevent Online Fraud

Identifying and Preventing fraud

Common Online Scams



Identifying and Preventing Fraud

It's not possible to completely eliminate the risk of fraud, but there are many standard measures that are designed to substantially reduce that risk.

Learn how to quickly identify some of the most common methods of committing fraud and become a stronger online seller.



Is the Shipping Address Suspicious?

- It's a high-risk location (vacant property, hotel, country, or location highly known for fraud).
- Multiple orders are being shipped to the same address within a short period of time.
- A customer is requesting overnight shipping for an expensive order (e.g. electronics).
- A customer asks you to change the shipping address after payment has been processed.



Does the Order Seem Aggressive?

- A new customer places a larger than average order.
- The same customer (same name, email, phone, or computer) places a large quantity of orders within a short time.
- An order consists of multiple requests for the same item (example: 10 Smartphones).
- A customer offers to let you use their shipping service to receive a discount (customer controls where orders are shipped).
- You get an abnormally large number of international orders within a short time.
- You get an abnormally large number of orders during an unusual time of day.



Is your Customer Exhibiting Suspicious Behavior?

- You received recent claims or chargebacks from this customer.
- You got overpaid and received a request to wire the difference.
- The email address seems suspicious.

If you answered "Yes" to most of the suspicious or potentially high-risk observations above, ensure you take precautions to avoid any financial loss. Contact the customer directly, delay shipment or even refund the transaction to stay safe.



Common Online Scams

Shipping Service Scams

What Happens?

The buyer asks you to use their shipping account, claiming that they can get a discount, they have a preferred vendor with whom they have a relationship, or that their shipping service is cheaper or more reliable. In another variation of the scam, the buyer may also ask you to wire the shipping fees to their preferred shipper.

Stealing Your Product

If you use the buyer's shipping account, they can easily contact the shipping company and reroute the order to another address. The buyer can then open up a complaint for a refund while claiming they didn't receive their order. You'll be unable to prove that the buyer in fact received their order fraudulently.

Stealing Your Money

They want you to wire the money to a bogus shipping company so they can steal your money. After you have wired the money you will find out that the order was made with a stolen card or bank account and you may be held liable for returning the funds to the legitimate customer whose account was stolen.



How To Avoid This Scam

- Only use your shipping account.
- Never wire money to someone you don't know – you can't get it back easily.
- If a customer asks you to use their shipping service, review their order for fraud carefully. They may have used a stolen card or bank account to fund the purchase.
- Ship to the address on the Transaction Details page.



Package Re-routing Scams

What Happens?

A buyer places an order and provides an incorrect or fake shipping address. The shipping company attempts to deliver the package, but is unable to do so. The buyer then contacts your shipping company and requests to reroute the package to an address of their choice. The shipping company delivers the package to the new location.

Stealing Your Product

The buyer reroutes the package and files a complaint the item was never delivered. Because the shipment was rerouted, you can't prove the item was delivered to the address on the Transaction Details page. The buyer gets to keep the item and, because the package wasn't delivered to the address on the Transaction Details page, the transaction unfortunately won't be covered under the Seller Protection program. You've now lost the product, shipping fees, and payment, and worse, you may also have to pay the shipping company an additional rerouting fee.



How To Avoid This Scam

- Contact your shipping company and block buyers from rerouting packages.
- Validate the buyer's address before shipping.
- Only ship to the address on the Transaction Details page.



Overpayment Scams

What Happens?

You receive an order and your customer sends a payment with a value higher than the item and asks you to refund the difference. They may tell you that they accidentally overpaid you, the extra money is for the shipping costs, they're giving you a bonus for your great service, or the money is for the stress they've caused you. They may even ask you to wire the shipping fees to their shipper.

Stealing Another Person's Money

This scammer may have used a stolen credit card, bank account number, or checking account to pay you. Just because a payment has been deposited into your account, doesn't mean the money is yours to keep. If the legitimate account holder reports unauthorized activity, the money can be withdrawn from your account. In this case, you could lose your item as well as the shipping costs.



How To Avoid This Scam

- Don't wire money to someone you don't know. A legitimate buyer won't overpay you for an order.
- If a customer overpays you and asks you to wire them the difference, consider cancelling the order – it's very likely to be fraudulent.
- Don't wire money to the bogus shipping company – it's part of their scam to get your money.
- Follow the Seller Protection Program and ship the item to the address on the Transaction Details page to protect yourself from unauthorized transactions.



Phishing

Suspicious Websites

Watch out for websites that attempt to steal your sensitive information. Always log in to PayPal by opening a new browser and typing in the web address. The string “https” should precede any web address (or URL) where you enter personal information. The “s” stands for secure. Make sure the website URL address is genuine. Phishers often create a fake website with a similar URL to a bank or well-known business. It is a good habit to enter the website URL address directly into your browser’s address bar not from the link from search engine result.

Suspicious E-mails

Phishing emails and SMS attempt to fish or “phish” for your personal information so that cyber criminals can steal your money or identity. They look similar to genuine emails from legitimate businesses you may interact with, and they’ll request that you follow URLs or open attachments to update your personal or financial information. If you are not sure whether a PayPal email is legitimate or not, here is what you do: Do not click on any link in the email. Instead, start a browser, go to PayPal and log in. If there is any urgent message for you, you will see it as you log in.



How To Avoid This Scam

- Enter URLs directly into the browser address bar.
- Make sure that websites that handle personal information begin with “https”.
- Don’t click on any URLs within strange e-mails.



General Fraud Prevention Tips

Selling Practices

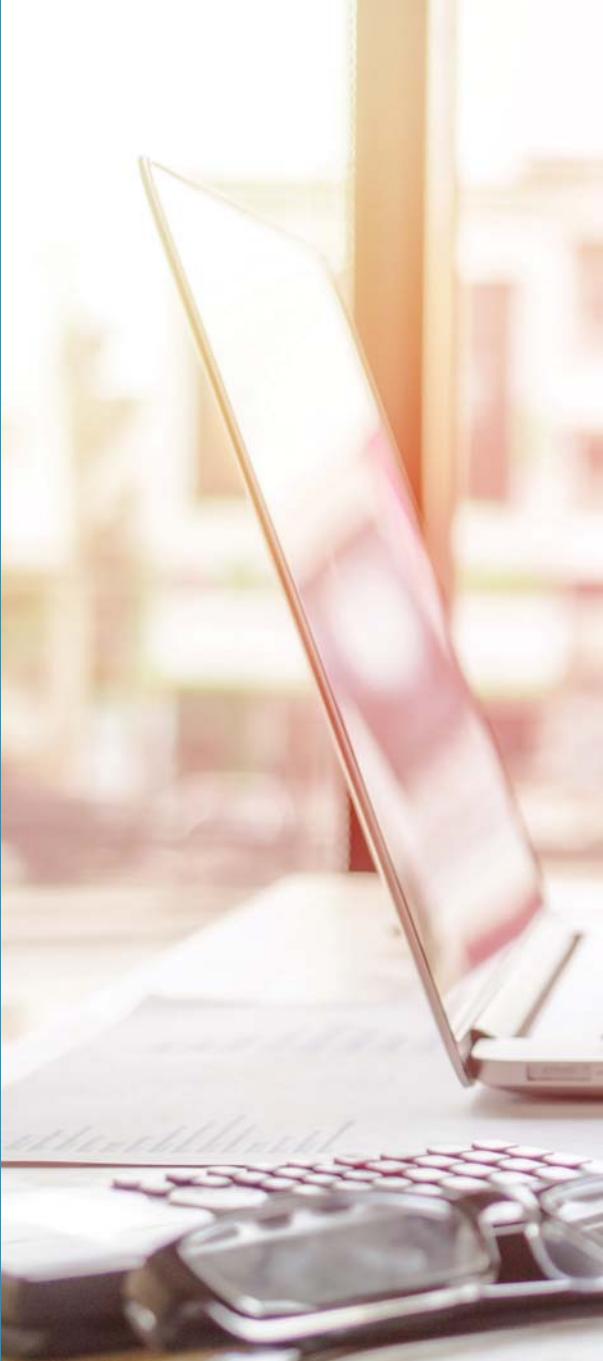
- Don't include personal information when describing items for sale.
- Make sure you received the payment in your PayPal account before shipping the item.
- Consider setting up a separate email address for sales and customer service so your personal email account remains private.
- Make sure no personal details can be seen in the background of photographs of items for sale, e.g. house number or license plate number.

Shipping Practices

- Delay shipping for international, expensive and/or large orders.
- Use your own shipping service or suspend delivery.
- Track and verify the shipping address with the IP geo-location service available via search engines.

Customer Evaluation

- Keep records of names, email addresses, IP addresses and shipping addresses.
- Match any suspicious activity against your blacklist to decline or flag blacklisted transactions.
- Set limits on the number of purchases and total payment you'll accept from one account per day, week, or month.
You can also restrict transactions by country.
- Contact the customer by phone or email to verify suspicious information.





Chapter 2

How to Reduce Your Risk of Financial Loss

Managing Disputes

Understanding Chargebacks



Managing Disputes

Customers may dispute a transaction for several reasons—the item may have taken longer than anticipated, they may have been unhappy with the product, or they may claim the transaction was unauthorized. These are common customer service issues, but with a few mindful steps you can ensure that your e-commerce operation never skips a beat.

Common Reasons for Disputes

The Item Was Not Delivered

The item may be in transit, but the customer expected it sooner. Never over-promise on delivery dates. Let your customers know when you've shipped an item and, when you can, provide tracking details.

They're Unhappy With The Item

Your customer has received the item, but they'd like to return it. Perhaps it was damaged during shipment, is missing related parts, or simply doesn't meet the customer's expectations. Always provide clear descriptions and photos when selling items.

They Claim the Transaction Was Unauthorized

The customer may have been a victim of identity or credit card theft, or perhaps the charge didn't use your business name. Set up a credit card statement name to ensure that the transaction is clear to the customer.

Types of PayPal Disputes

Disputes

A customer can file a dispute via their PayPal account and communicate with you directly. You and the customer can exchange messages through the Resolution Center until a resolution is reached and the dispute is closed.

Claims

If a resolution cannot be reached via direct communication through the Resolution Center, either you or the customer can escalate the dispute to a claim within 20-days. PayPal will review the case and enforce a resolution.

Chargebacks

A customer files a problem with their card issuer to process a chargeback. PayPal will work with the card issuer to resolve the issue and we'll request information from you to support your case. The card issuer's decision is final.



Avoiding Disputes

Limit your disputes with clear communication and good customer service.

Accurate Descriptions

When listing an item for sale, provide as much detail as possible. Include clear photos from varying angles, measurements and weight, and any other details to allow the customer to know exactly what's being purchased.

Accurate Shipment Information

When you make a sale, ship the item quickly, and provide realistic estimated delivery dates. Email your customers tracking numbers and relevant URLs. Keep a record of all shipment related information.

Identifiable Banking Transaction

As a seller, set up your credit card statement name so that the buyer can identify their purchase clearly on their bank statement.

Clear Contact Information

Provide clear contact information on your website so customers can contact you easily regarding any inquiries.

Clear Return and Refund Policies

Publish your return and refund policies on your site. Keep in mind that some laws and credit card policies allow buyers to dispute transactions, even if you have a no-return policy. If you refund a customer, do so from the Resolution Centre or transaction details page.

Clear Dispute Resolution Policies

Suggest customers file a dispute through PayPal in the event of an issue so that you can resolve the dispute directly. Create a customer service message to manage customer expectations in the event of a dispute.



Understanding Chargebacks

It's not possible to completely eliminate the risk of fraud, but there are many standard measures that are designed to substantially reduce that risk.

Learn how to quickly identify some of the most common methods of committing fraud and become a stronger online seller.

Reasons for Chargebacks

- Customer claims the item was never delivered.
- Customer receives an item that was very different from the item description, or the customer receives a damaged item.
- Customer claims they are victims of fraud and did not authorize the purchase.

What Happens During a Chargeback?

- When a customer files a chargeback with their card issuer, PayPal will notify you and hold the payment in question as we work with you to resolve the incident.
- PayPay will request that you submit supporting documents or evidence through the Resolution Centre to dispute the chargeback. PayPal will help you submit documents to the card issuer, who makes a final decision.
- PayPal will remove the hold if we determine that the transaction is eligible for Seller Protection.





Avoiding Disputes

Some chargebacks can be resolved easily without losing the sale. There are several ways to avoid possible chargebacks and disputes.

Provide Contact Information

Provide your email address or customer service phone number, or even call buyers in advance when selling higher priced items. Communicate with buyers before an issue arises.

Offer Alternative Resolutions

When you make a sale, ship the item quickly, and provide realistic estimated delivery dates. Email your customers tracking numbers and relevant URLs. Keep a record of all shipment related information.

Identifiable Banking Transaction

As a seller, set up your credit card statement name so that the buyer can identify their purchase clearly on their bank statement.

Clear Contact Information

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Clear Dispute Resolution Policies

Suggest customers file a dispute through PayPal in the event of an issue so that you can resolve the dispute directly. Create a customer service message to manage customer expectations in the event of a dispute.



Resolving Disputes, Claims, and Chargebacks

PayPal will e-mail you if a customer files a dispute, claim or chargeback. You must respond to our e-mail within the allotted time frame in order to contest the claim.

Claims and Chargebacks

If a claim or chargeback is filed against one of your transactions, log-in to your PayPal account and follow our directions to provide any additional information, such as proof of shipment. Once PayPal has received all information from you and your customer, PayPal will review the claim and work with the card issuer to resolve the chargeback. If the final decision rules in your favor, you'll retain the payment from the transaction. If the decision is made in the favor of your customer, PayPal may reverse the payment from your account if the transaction is not eligible for Seller Protection.

Unauthorized Transaction Claims

If a customer claims a purchase was made without their consent, log in to your account to review and respond to the claim within 7-days. PayPal will also investigate. If you haven't shipped the item, you can refund the payment in the Resolution Centre. If you've provided a refund by other means, PayPal will need proof of that refund. If the item has shipped, submit proof of shipment and PayPal will evaluate your eligibility for Seller Protection.



General Tips

- Set up a Credit Card Statement Name, which allows the customer to clearly identify the transaction on their bank statement.
- Provide detailed item descriptions, such as weight and dimensions, along with clear photos.
- Provide detailed shipping information with any delivery tracking codes. Record shipment information for your personal records.
- Respond quickly to your customer inquiries—this builds trust and protects your reputation as a seller.



Chapter 3

PayPal's Security Advantages

PayPal Security Measures

Data Encryption and PCI DSS Compliance

PayPal Seller Protection

PayPal Buyer Protection

Account Limitations



PayPal Security Measures

As a pioneer in online payments, PayPal has set the standard for e-commerce fraud prevention with industry-leading security technology. Our technology and superior fraud-detection processes are aimed at safeguarding your payment processes 24/7 at no additional cost so you can sell with confidence.

PayPal Security Features

- Real-time fraud detection
- Progressive systems upgrades
- Sophisticated data encryption
- Monitoring of transactions 24/7
- A dedicated anti-fraud team with 2000+ specialists globally



Data Encryption and PCI DSS Compliance

In order to accept credit card payments as a seller, PCI compliance is required to protect the customer's information.

PayPal is committed to protecting customer data and we are certified PCI DSS compliant under various programs and standards.

PayPal's most popular products, like Website Payments Standard, Express Checkout and Invoicing, are already PCI compliant.

With PayPal, you'll spend less time managing payment security and more time growing your business.



What is PCI DSS Compliance?

PCI DSS (Payment Card Industry Data Security Standards) is a set of comprehensive requirements for businesses that handle card payments, regardless of the volume of transactions processed. Maintaining PCI compliance requires the completion of an annual self-assessment questionnaire as well as a quarterly network evaluation.



PayPal Seller Protection Program

PayPal's Seller Protection Program is aimed at safeguarding your business from fraudulent claims and chargebacks at no additional expense.

On the Seller Account "Transaction Details" page, PayPal will mark those transactions that are eligible for PayPal Seller Protection.

Be sure to always maintain proper records of your transactions in order to validate eligibility for Seller Protection.

Seller Protection Covers Two-types of Buyer Claims



Unauthorized Transactions

A payment has been sent from a PayPal account, but the account holder claims that he or she did not authorize the payment.



Item Not Received

A buyer pays for an item, but claims he or she did not receive the item.

Seller Protection Claim Process

- If a buyer files a Claim, Chargeback or payment reversal for an unauthorized transaction, PayPal will place a temporary hold on the payment
- PayPal will ask the seller to provide proof of delivery and investigate the validity of the Claim
- The seller will receive the funds once PayPal determines that the transaction is eligible for Seller Protection.



Items Not Covered by Seller Protection

- Vehicles, including motorcycles, caravans, aircrafts and boats
- Claims or Chargebacks for Significantly Not as Described
- Items that you deliver in person, including at a point of sale
- Items equivalent to cash (including, without limitation, gift cards or vouchers)
- PayPal Direct Payments (including Virtual Terminal Payments, Website Payments Pro/ Plus Payments), PayPal Here payments, PayPal carrier billing products, PayPal Mass Payments
- Items that are sent after PayPal has advised the Seller not to release the item
- Items that are not shipped to the recipient address as stated in the "Transaction Details" page
- Donations
- Financial products and investments Gold Bullion

If you originally ship the item to the recipient address but the item is later redirected to a different address, you will not be eligible for PayPal Seller Protection. We therefore recommend not using a shipping service that is arranged by the buyer, so that you will be able to provide valid Proof of Shipping and Proof of Delivery (for tangible items).



PayPal Buyer Protection Program

When a buyer shops with PayPal, if the item doesn't arrive or doesn't match its description, PayPal will reimburse the cost of items that meet the requirements of PayPal Buyer Protection.

Buyer Benefits

- **Refunds on Incorrect Orders**

If an order doesn't arrive or match the seller's description, PayPal will reimburse the full cost for eligible purchases.

- **\$0 liability**

If a buyer's account is fraudulently used to make an unauthorized purchase, PayPal will secure the buyer's account and investigate.

Possible Scenarios

If the order doesn't arrive or match the seller's description, the buyer has up to 180 days to request assistance from the PayPal Buyer Protection Program. Some scenarios include:

- Received a completely different item.
- Purchased two items but received only one.
- Received a defective item.
- Purchased an authentic item, but received a counterfeit.

Eligibility Requirements for PayPal Buyer Protection

- Item was purchased using PayPal.
- The purchase was made with a single payment.
- The account in question is in good standing.
- The dispute was submitted within 180 days of the original transaction.



Payments Not Eligible for Buyer Protection

- Real estate
- Businesses (when you buy all or part of a business)
- Vehicles, including motorcycles, caravans, aircrafts and boats
- Significantly Not As Described Claims for custom made items
- Payments on crowdfunding platforms
- Items that violate PayPal's Acceptable Use Policy
- For Item Not Received (INR) items which you collect in person, or arrange to be collected on your behalf, including at a retail point of sale
- Industrial machinery used in manufacturing
- Stored value items such as gift cards and pre-paid cards
- Gold bullion
- Gambling, gaming and other activity with an entry fee and a prize
- Anything purchased from or an amount paid to a government agency
- Personal Payments
- Mass Payment / Payouts
- Donations
- Financial products or investments



Account Limitations

Protecting your account and online payment experience is our number one priority. PayPal constantly reviews all accounts to ensure that our platform is always a safe platform to transact online business. When an account limitation occurs, certain account functions such as sending and receiving money, will be unavailable. When PayPal imposes these limitations, it's either to ensure your financial safety or PayPal is legally obligated based on financial laws and regulations.



Why Does PayPal Limit Accounts?

Scenario examples include but are not limited to the follow:

- We suspect someone could be using your account without your knowledge.
- Your bank has notified us that someone has used your card without your permission, or that there have been unauthorized transfers between your bank and PayPal accounts.
- You're engaging in high-risk buying or selling activities, like selling high-value items or your industry is more susceptible to disputes and chargebacks.
- There's an excessive number of disputes or reversals associated with your account.
- You're buying or selling items or services prohibited by our Acceptable Use Policy.



Removing Limitations

To remove your limitation, you'll generally need to confirm some information in your account, provide some documentation, or tell us more about some of your recent business activities. To do this, just log in to your account and follow the directions in your notification. We'll confirm your information and usually remove the limitation within 2 business days of receiving a satisfactory response and email you if there are any delays or concerns.



Limitations Removal Process

- PayPal will email you and ask you to log in to our Resolution Centre for details on how to resolve the issue quickly, usually by providing documents.
- Once you've submitted the information required, PayPal will review and reply via the email.
- PayPal will lift the limitations once your account information has been verified. At times, limitations can be lifted by simply changing your security questions and password.

Reference URLs

Managing Customer Concerns	How to Avoid Disputes	https://www.paypal.com/hk/webapps/mpp/customer-concerns
	How to Manage Chargebacks	https://www.paypal.com/hk/webapps/mpp/chargebacks
Keeping Your Account Secure	Phishing	https://www.paypal.com/hk/webapps/mpp/phishing
	Fraud Prevention Tips	https://www.paypal.com/hk/webapps/mpp/fraud-prevention
	Seller Security Tips	https://www.paypal.com/hk/webapps/mpp/seller-security
PayPal Security Features	PayPal Security Measures	https://www.paypal.com/hk/webapps/mpp/paypal-safety-and-security
	PayPal Seller Protection Program	https://www.paypal.com/hk/webapps/mpp/paypal-seller-protection
	PayPal Buyer Protection Program	https://www.paypal.com/hk/webapps/mpp/paypal-buyer-protection
	PCI DSS Compliance	https://www.paypal.com/hk/webapps/mpp/pci-compliance
	PayPal Limitations	https://www.paypal.com/hk/webapps/mpp/account-limitations
PayPal Business Tips	PayPal Merchant Home	https://www.paypal.com/hk/business
	PayPal Business Account Tips	https://www.paypal.com/hk/webapps/mpp/paypal-get-started
	CBT Selling Tips: PayPal Passport	https://www.paypal.com/us/webapps/mpp/passport

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