Chapter 8
Online Payment via PayPal API
Case Study Event Registration Management System (ERMS)

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ABSTRACT
PayPal is an international payment gateway allowing businesses and individuals to transfer funds in a secure manner over the Internet. Using PayPal to accept payments has several advantages for online merchants. It is a recognized brand when it comes to Business to Consumer (B2C) transactions, creating a business account with PayPal is easier and faster, and finally, PayPal lends its name to the transaction, so customers may feel more comfortable entering into a transaction with a previously unknown merchant. Besides the mentioned advantages, PayPal’s transaction dispute system requires a tracking number from a shipped package to respond to a customer dispute. If the product is purely electronic (a download or access to a site, for example), one’s response to disputes will be quite limited. The solution for the problem mentioned above is PayPal API. The PayPal API resolves PayPal drawback through maintaining card and bank account payment schedules without the liability of warehousing payment data also processing one-time and recurring payments. For the evaluation of PayPal API, the authors develop an Event Registration Management System (ERMS). ERMS serves as a platform for users to make registrations for events such as conferences, seminars, and workshops.

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1. INTRODUCTION

PayPal is an international payment gateway allowing businesses and individuals to transfer funds in a secure manner over the Internet. Using PayPal to accept payments has several advantages for online merchants: It is a recognized brand when it comes to Business to Consumer (B2C) transactions, creating a business account with PayPal is easier (and faster) than opening the merchant account required to accept credit card payments directly, and finally, because PayPal lends its name to the transaction, customers may feel more comfortable entering into a transaction with a previously unknown merchant. That being said, however, PayPal’s transaction dispute system requires a tracking number from a shipped package to respond to a customer dispute. If the product is purely electronic (a download or access to a site, for example), your response to disputes will be quite limited (Reinheimer, 2006).

The solution for the problem mentioned above is PayPal API. The PayPal API resolves PayPal drawback through maintaining card and bank account payment schedules without the liability of warehousing payment data also processing one-time and recurring payments.

In this research, we first focused on PayPal API and explored the features of this technology. Consequently, we implemented an Event Registration Management System (ERMS) as case study to evaluate the performance of PayPal API in real system.

2. RELATED ELECTRONIC PAYMENT SYSTEMS

There are different online payment systems on Internet. As stated in Chum (2004) some of the major online payment systems are as follows:

- MyCheckFree.com: Popular electronic payment system that allows you to receive your bills directly to your email and pay any billers who are affiliates, including major department stores, clothing chains and even commercial banks.

- Paytrust: The most comprehensive online bill paying service that allows you to pay any bill electronically, even to billers that don’t allow electronic payment; PayTrust receives your bills, scans them, sends you email notification and allows you to access bills online for a year, plus keeps electronic payment records for eight years; but costs at least $5 per month plus 50 cents every time you receive or pay a bill, and is not compatible with Quicken.

- CCNow: Shopping cart electronic payment system that accepts all major credit cards.

- ProPay: Electronic payment system that processes credit cards through the Internet via touch-tone phones; used to make purchases at mobile businesses, trade shows/fairs and taxis.

- iKobo: Electronic payment system that allows you to send and receive money in more than 170 countries.

- Moneybookers: Electronic payment system that allows you to send and receive online payments in real time via email from your credit card or bank account.

- Authorize.net: Electronic payment system, recently acquired by CyberSource Corp. that serves as the electronic payment gateway for businesses from sports entertainment and gourmet foods to government and religion.

Chum (2004) studied the characteristics of the online payment systems using a set of criteria. Table 1 shows what the eight studied systems