

Town Hall Meeting
Topic: PayPal
Thursday, May 18, 2006

Jim “Griff” Griffith: Hi everyone, and welcome to the May eBay Community Town Hall. I’m Griff and I’m so pleased to be back to emcee this special event. Our Town Hall comes today to you live from our eBay and PayPal offices, in the heart of San Jose, California. And today is actually the PayPal Town Hall. And I’m joined here by many special guests from PayPal, including Jeff Jordan, President of PayPal. Jeff oversees all activities related to building PayPal into the global standards for online payments including ensuring that PayPal serves the needs of the eBay Community and the marketplace.

For those of you who have been training on eBay for awhile, you probably have known Jeff in his other roles here at eBay. He’s been with the company since 1998, and previously headed up eBay’s North American business, overseeing the eBay marketplace both in the US and Canada, as well as the eBay Motors business. So Jeff has been all over eBay. We’re happy to have him here with us today.

Joining Jeff today is also Dana Stalder. He’s the Senior Vice President of PayPal. Dana oversees the North American PayPal business, including our best way to integrate PayPal on eBay.

Two of our Town Hall regulars are joining us again today: Bill Onderdonk, Vice President of PayPal’s Marketplace, and Dan Levy, who is Senior Director of Consumer Protections. And from the eBay side, I’d like to welcome back Gary Briggs, eBay North America’s Chief Marketing Officer. Gary thanks again for leading our last Town Hall. It was a very good event.

Gary Briggs: Thanks, Griff.

Griff: We’re glad to have you back. We’ve also got group of about 50 employees in the room that came from PayPal, including groups like safety, product management and marketing. I know there are all looking forward to hearing from you.

So before we get started on your questions, I’m going to turn the mic over to Jeff to say a few words. First as a reminder, if you have a question that you’d like the team to address, please type it in the text box on the Town Hall window and then click “submit”. And similar to past Town Hall events, we’ve received thousands of questions in advance. So we’ll do our best to answer the questions that reflect the most asked about topics. We hope to answer as many as possible during the next hour. We’ll be answering both, questions submitted the past week, as well as those questions sent in live, in real time during the event. So please tell us what’s on your mind.

Okay. So let's get started. Jeff?

Jeff Jordan: Thanks very much, Griff. It's hard to believe that I've been at PayPal for almost two years. I've been at eBay for a total of about seven, and you know, the last two years at PayPal have been a blast. We've had the pleasure of continuing to interact with many Community members and we continue to learn from your feedback, to help us become the best payments company we can be. Our goal is to provide you with the safest, fastest and most secure payments service in the world.

Events like this are fun because they keep the line of communication wide open between PayPal and the Community. As Griff mentioned, we have a bunch of PayPal employees here in the audience today and on the Internet who are eager to hear your questions and actually our answers.

Before I get started, I wanted to say a few things. Both eBay and PayPal are committed to bringing more buyers to the eBay marketplace, while making selling on eBay easier and safer. We've implemented a number of recent improvements to the service, that we'd like to highlight, and which hopefully, you've already been experiencing. First of all, we're very excited about our new "Guest Checkout" feature. Guest Checkout allows an eBay buyer to pay for an item with a credit card without signing up for a PayPal account. We think it's a benefit to the sellers, because it obviously makes it easier for buyers to pay you. And sellers still receive their money instantly through the PayPal account. For those of you who attended eBay Live! last year, you may remember that one of the biggest announcements we made, was our plan to offer international shipping labels. We made a cross border trade that could be a great part of your business, but shipping internationally requires a little more effort than sending packages across the US.

So as we promised back in November, we launched the ability to pay for and print UPS and USPS international shipping labels. For USPS, the customs forms are pre-filled and can be printed from your home computer. And in January, we a deal with Canada Post and UPS offered Canadian users the same program. Shipping integration has proven to be a huge success. In fact, 25% of items sold on eBay now use PayPal shipping labels, which is a number we just love.

Now as you know, eBay Express launched last month, with PayPal as the preferred way to pay. Our goal is to make a checkout process between eBay Express and PayPal as seamless as possible, in order to drive incremental sales. However, we realize that when it comes to eBay Express, that many of you have concerns regarding confirmed addresses. We hear you and today we're prepared to take your questions on that today.

During the last PayPal Town Hall back in September, we talked a lot about online security, where privacy and trading fraud are the top priorities at PayPal. And we're constantly working to strike the right balance between introducing new features and programs that motivate buyers to buy more freely and make the business on eBay safer for sellers.

So we're pleased that we launched a new feature with Equifax, one of the nation's leading credit bureaus that give all PayPal users in the US free credit monitoring of their credit records. Through this relationship, PayPal users receive free early warnings, alerting them to activity on their Equifax Credit Report. And credit monitoring plays an important role in helping our consumers protect their most valuable asset; their personal and financial information. Already PayPal customers can shop online with confidence because buyers can pay for purchases without sharing their financial information with a merchant. And with this new offering PayPal is adding that extra layer of security for our users.

As some of you may remember, last year eBay launched an "Item Not Received" process, to help buyers and sellers resolve a buyer transaction problem. The eBay Community clearly loved this product and embraced it and claim resolution rates have improved significantly. The only complaint we heard from the Community is that when a buyer paid with PayPal, he or she couldn't use the process. Instead, they were redirected to PayPal with a buyer complaint process with just a generation earlier. It looked and felt pretty different from eBay's. So incorporating the consistent allowed feedback we received on this, this month we launched the new PayPal Dispute Resolution process. In this process which we think is a big enhancement is an online feature that helps buyers and sellers work out a transaction problem. Before, both parties escalated into a complaint ideally. What we think makes this effective is the combination of buyer and seller on site communication, including automated emails from PayPal to encourage buyers and sellers to actually talk, online chips to help parties through the process. The message from your seller box that enables sellers to broadcast important messages to all their buyers if there's an item with a merchant and real-time shipping.

It's our hope that utilizing the new program, users will be able to improve communication with one another and hope to litigate any problem before they leave the negative feedback and disputes.

Finally, I'd like to invite you all to eBay Live! this year in Las Vegas, on June 13th to 15th. We'll be at the PayPal booth throughout the event, that small booth in the corner. And a few of us will be joining Bill Cobb at the Town Hall, on Thursday, June 14th, at 11:00 AM. **(Correction: The Town Hall from eBay Live! will be held on Thursday, June 15th at 11:00 AM PT)**

As always, we love interacting with the Community and look forward to seeing you and meeting you there. With that, we'd love to start taking some questions.

Griff: Thanks, Jeff. Okay, let's get going with the questions. As a reminder, you enter a question into the text box on the Town Hall window. Just type it in the box and then click the submit button. And we'll take a question that was pre-submitted this past week. And this is for Dan. So we'll put you on the spot right off, Dan.

Dan Levy: Thanks, Griff.

Griff: This question was:

Question # 1: Why was there not more protection for buyers? Is there going to be an easier way to get money back from sellers who don't send the product?

Answer from Dan Levy: Good question. I can see we're jumping right into it. So hello everyone, this is Dan Levy. I oversee the Consumer and Merchant Protection Programs on eBay and PayPal and I've had the pleasure of doing that for about the last two years. So let me get right into the question about for buyers, how do you stay safe online and specifically, on eBay. The first thing I'd say is PayPal is the safe way to pay on eBay. Jeff talked about it in his opening remarks and I think it's worth reiterating now. Which is when you pay with PayPal you aren't sharing your financial information. And from all my conversations with buyers and in many of my colleagues' conversations, we know that's the thing that they're most concerned about is they don't want to be sharing their financial information on the web, and PayPal is a great way to prevent them from doing that and still getting your item.

Now to get to the specifics of this question, which asks, "Well, how will I be protected if I did pay with PayPal or I did pay online but I didn't get my item?" There are a few things that I think are worth noting. First of all is that PayPal employs many people around the world, trying to prevent fraud. So when we see sellers that may be causing problems on eBay, we take action so that they can't be causing those problems to future buyers. And we believe that prevention is the best thing we can do to help prevent buyers from getting into a bad situation and having a problem.

But with that said, we do recognize that there are times when buyers may pay for an item and may not get it. And it's definitely the exception because of all the fraud prevention that we have done. But if they do end up in a situation like that, we have a dispute resolution and claims process that we think works really well to help buyers and sellers work those problems out. And in most cases, it's just a misunderstanding; a package that may be lost in the mail or sent to the wrong address, and our dispute resolution system to help them work that out. In a case

where they can't work it out, PayPal does offer a program called PayPal Buyer Protection, which we launched about two years ago, which we think is a great program. And what that program does is it protects buyers who pay for qualified items, and right now, more than 75% of the items on eBay.com are qualified. It protects them up to a thousand dollars with no service fee and no deductible, in the case that they don't receive their item or their item is significantly not as described. And for those of you that would ask the question, "How do I know if my item is protected before I bid on it," you can figure that out very quickly just looking in the seller information box on the right side of the view item page. And it will say, "PayPal Buyer Protection on this item." So we're doing quite a bit. We think the vast majority of transactions work great and buyers never have problems and that's why they're coming back. But we're happy to provide protection for those rare instances where it does happen.

Griff: Thank you, Dan. This is a question that just came in live, so this one is going to you, Jeff.

Question # 2: I was recently involved in a dispute resolved in my favor but all along the way, I was stymied by unfair rules, email responses that had nothing to do with the question, and a seeming biased against the wrong party. As a marketplace that relies on trust and implied contract, is eBay or PayPal doing anything specific to make the dispute resolution process more personable?

Answer from Jeff Jordan: Yeah, I appreciate that. First of all for the user, sorry the experience was not what we strive to provide. We work this hard. As we mentioned in the opening remarks, we are delighted to be in the process. Actually, I said we had debuted; it's about to debut. I jumped the gun. A new Online Dispute Resolution service from PayPal, it's interesting, PayPal and eBay have kind of batted back and forth in next gen., or in dispute resolution services. When I was at eBay, the PayPal one was substantially better. This was a number of years ago. And eBay took notice of that and did a next rev. that really moved the ball forward. And I think it's now PayPal's turn. So we're really excited about what we're providing. And the goal here is to encourage extensive buyer and seller communication to try to work out a problem before it becomes a complaint, but then when there is a complaint, to resolve it in a transparent open and equitable manner. So we've tested this a lot with Voices. We've worked through it where we're pretty excited by what it has and hopefully, when you see it in the next week, you'll agree with us that it's a significant improvement.

Griff: Thank you, Jeff. We're receiving questions coming in live and should we take another live question? It's up to you.

Jeff Jordan: Go for it.

Griff: Okay, so Dan, this one is for you and this also just came in.

Question # 3: What is PayPal doing to prevent scam artists in the event that an honest person has paid them?

Or I know this is kind of related to the first question we took, but it's more about prevention, from what I'm reading, to keep scam artists from getting to innocent victims on the site.

Answer from Dan Levy: Yeah, it's a good question. And let me talk about it a little bit, in terms of what eBay and PayPal are doing together, because for the people who are listening to this call, you really don't care where the fraud's coming from. You just don't want to be a victim of it. So I obviously work with the PayPal team but we work really closely with eBay. And you've probably heard Rob Chesnut many times on calls like these, and we are working together to essentially try to identify fraudulent, either sellers or fraudulent transactions. And we're pretty good at it. One thing is you don't get to see when we catch the people because obviously, we've caught them and taken them off the site. So it's one of those situations where we can't tell you kind of everything we're doing. But the fact that there's little fraud on the site, is a good measure that we are doing our job.

I'd say what we're mainly trying to do in terms of prevention, is just look for patterns of activities that don't look normal. If people are coming onto the site and trying to sell a lot of items that we don't think they have, we're going to pick up the phone and call them. And we're going to try to figure out what's happening, because we want our customers to have the safest experience. So, if and when we catch them, then we turn them over to the police and we try to get them prosecuted because we're trying to build the safest marketplace we can for all of our customers.

Griff: Thank you, Dan. Dana, this one's for you. And I believe, Jeff, you may want to chime in on it as well. The question was, and this came in earlier.

Question # 4: "Why can't we check out balance and payment status like we used to through the new PayPal mobile?"

Answer from Dana Stalder: Well okay. So for those of you who aren't aware, PayPal launched a mobile payments platform in April of this year. I'd encourage everybody to go to the PayPal website and activate their mobile phone if they haven't already done so. And in fact, we have a promotion going on where you have the possibility to win some cash prizes if you do that in the next week or so.

With respect to checking balances, that actually is a functionality that exists on the site today. So once you've activated your phone, you simply text message

balance, or B-A-L, to the short code P-A-Y-P-A-L, and your balance will be text messaged back to you.

Griff: Oh, I didn't know that either. That's good to know. I always like to know my balance.

Jeff Jordan: We only have so many digits we can calculate for you.
(laughs)

Griff: Everyone knows that if I can buy something on eBay every day I'd get the shakes, so, a question that came in earlier. I don't know who wants to take this one. It's kind of a general question but it's a good one, because I hear this one a lot when I'm out on the road.

Question # 5: **What if we don't want to accept credit cards on eBay? We are forced to if we're using PayPal. It's making a lot of us users stop using PayPal altogether. And I like using PayPal Personal Account.**

Bill Onderdonk: I'll take it Griff.

Griff: Okay.

Answer from Bill Onderdonk: This is Bill. So the policy that this question refers to is a policy that says that if you're going to accept PayPal and eBay, you need to accept all forms of payment through PayPal. That policy was put in place after looking the buyer experience. And what we found is that buyers see that a seller accepts PayPal and assume they can use any form of payment, particularly a credit card to pay the seller. And because we're creating a bad buyer experience when we had sellers indicating that they would accept PayPal but then later, not accept any credit card. So we put this policy in place to try to improve the buyer experience.

A couple other things I'd note on this. I think accepting PayPal more than pays for itself. Sellers who accept PayPal because five out of six buyers on eBay prefer to use PayPal, typically see higher ASP's (Average Selling Price). Our research suggests they see a 5% higher average selling price. They also see significantly lower rates of Unpaid Items. That data from our research is at 37% lower unpaid item rate. So if you think about those two benefits, you're going to more than pay for the cost of accepting PayPal by accepting PayPal on your items.

Griff: Thank you, Bill. Dan, this is another question for you. This came in earlier. And by the way, I want to remind you, if you have questions that you want to ask now, just enter a question into the text box on the Town Hall window. Just type it in that box there and click submit and we'll get your question here and we'll answer it.

Question # 6: My concern is what is PayPal doing to protect sellers from fraud-driven buyers?

Dan Levy: Ah, so the flip side of the question we've gotten earlier.

Griff: Yes.

Answer from Dan Levy: So another good question. This is one that we spend a lot of time talking to sellers about because it's not as well understood. The way I generally like to explain this is when I talk to sellers face to face, there's generally before eBay, most of them used to have a store. And in their store, they use to deal with fraud there as well. They just didn't necessarily call it fraud. Things like bounced checks. Things like shoplifting. And everybody who had a store and sold in a physical location knows those things. And the interesting thing is when you translate a business and you move that store onto eBay, like so many of you have, they don't necessarily realize that those fraudulent problems went away. They're not dealing with them as checks and they're not dealing with shoplifting. But they are dealing with a new thing, which is kind of, fraudulent buyers over the Internet. So I guess the best way to start is to know that it's not necessarily like a problem that's new to eBay or new to PayPal. It's just a different kind of problem.

So let's talk about what we're doing about that. PayPal sees ourselves as a seller's partner in this exchange and that there's a lot of things that a seller can do to help prevent fraud happening from buyers, in terms of you can call the buyer before, if you notice a transaction that might be unusual; a buyer buying more items than might be normal, a buyer sending multiple payments for one item and splitting it up. So those are things that a seller can do. In terms of things that PayPal does, as I explained earlier, we have many, many agents around the world that are looking at unusual transactions. And we do that to try to prevent fraud from happening, because we think we have a unique ability to see what buyers are doing in our system. And if we think that a buyer may be committing fraud, we can prevent it from happening for you. And that's a value that PayPal provides as part of our service, normally that you normally have to pay extra for if you use any other processor.

In addition, if you do ever have a problem and you receive a claim or a charge back, PayPal works very hard to try to fight that chargeback or that claim for you. And we provide Seller Protection if it's right for your business, to reimburse you 100%, in the case that you follow our policies. And that's an industry leading program that nobody else provides, to help provide protection against your chargebacks. So we hope that people don't have problems and we hope that as Jeff said in the opening, we're delivering many more buyers to you than you ever had before. But we are your partner in case you do have a problem with a fraudulent buyer.

Griff: Thank you, Dan. Dana, this one's for you. This is about debit card fees. This is somebody who's really thinking. Listen to this question.

Question # 7: I'd like to use my PayPal account for a quote/unquote "bank" using my PayPal debit card. Can we please have some incentive to do that? For instance, reimburse the user some of the fees. In other words, don't skim so much of our money. Make it up in interest. Pig! (laughs)

Gary Briggs: That sounds like you actually.

Griff: No, no, no. I didn't write that. I like the way they're thinking. So?

Answer from Dana Stalder: A couple thoughts. So the first is we do offer debit cards that can be used against your PayPal account. In fact, we will be rolling out in the next week, the ability to assign backup funding to your PayPal account as well. So if you use a debit card and you run out a balance in your PayPal account and you'll have to withdraw from your backup bank account. Additionally, we do offer 1% cash back on uses of that debit card. And then the other thing I'd point out is you can actually opt to put your PayPal balances in a money market fund that earns interest.

Griff: That's true. I do all four of those, uh both of those things. I know this personally, that it's actually helped because it kind of offsets the fees that I have to pay when.

Dana Stalder: Absolutely.

Jeff Jordan: All right, so our attorney said if we answered a money market fund question, I'd have to go give a disclaimer. Hah, hah! But send you to our site, www.PayPal.com/moneymarket and for more information since we're not a registered association of broker dealers, or something like that. So uh, but check it out. It's a great service.

Note: An investor should consider the fund's investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the PayPal Money Market Fund can be found in the fund's prospectus. To obtain a prospectus, please call 888-215-5506 or go to <https://www.paypal.com/moneymarket>. Please read and consider the prospectus carefully before investing.

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Griff: Thanks, Jeff, for covering us. This is a good one because this one is for you, Bill. And I think I know the answer, oh, oh, oh. Call on me. But let's see if I'm right. (inaudible) . . . It's a technical question.

Bill Onderdonk: You can keep me honest, Griff! Uh-oh!

Griff:

Question # 8: My daughter sent me a \$75.00 eBay gift certificate to my address on PayPal but does not actually, but to my email address that does not have a PayPal account. Is it possible to have it changed to my emails address that does have a PayPal account? If not, how do I get the money refunded to her? Thanks.

Answer from Bill Onderdonk: Okay, Griff. I think the answer here, or the solution for this situation is to add the email address that the gift certificate was sent to, to your PayPal account. You can do that in your profile and then you should go to use the gift certificate in your PayPal account.

Griff: Now Bill, how many emails. . .

Bill Onderdonk: Was that your answer Griff?

Griff: How many email addresses can you add to one PayPal account?

Bill Onderdonk: Uh, five I believe.

Griff: Five? I'm going to go with five. Seven?

Jeff Jordan: Eight?

Griff: Eight?

Bill Onderdonk: It's eight? Who in the audience could help a little more?

Griff: Actually eight is a magic number because you can add eight email addresses, eight bank accounts and eight credit cards. Correct?

Bill Onderdonk: If you add them all to your account, Griff. You're probably right.

Jeff Jordan: I've added Griff's email address to my account.

Griff: Okay. Let me remind you if you want to send in a question live, just enter a question into the text box on the Town Hall window. Type it in and click

submit and we'll get to your live question. But let's go to a question that came in earlier. Shall we? Jeff, do you want to answer the next one?

Jeff Jordan: How about this one on the uh, eBay card?

Griff: This came in earlier this week.

Question # 9: Why does eBay discriminate by offering PayPal instead of direct use credit cards? And who wants to take that?

Answer from Gary Briggs: Griff, I'll take that. This is Gary. So this is actually a misunderstanding from time to time. And actually, we do accept credit cards on eBay. The thing that it does matter is for a lot of people selling. What you have to do is you have to go get your own merchant account if you want to sell using credit cards. And because PayPal is so easy for someone to sign up and have that act as their merchant account, it's offered on 92% of listings. It's just simpler, it's easier and a most cost effective way to accept credit cards. So for many people who look on the site, you may have the perception that we don't accept other credit cards other than PayPal, that's actually not the case. But just because it's easier for you to set up your own account through PayPal, that's what sellers choose to do.

The other thing that we found, and this actually goes to an answer earlier from Bill, is our buyers just overwhelmingly prefer it. And the significant matter for them is that they're able to shop without sharing any information. They don't have to share their credit card. And it's such a powerful proposition for buyers. It just makes them more likely to buy. And uh, so that really is, not only is PayPal easy for the seller to sign up and provide and you know, accept credit cards that way, it also has a great proposition for buyers. So it just is a great meeting of where both the buyer and the seller benefit.

The other thing I mentioned to you is we have a Guest Checkout procedure now where buyers can pay with a credit card on eBay without setting up for a PayPal account. And in general again, we're just trying to make it easier for buyers to get through the process in the buying the item, so, but knowing that, there really is. We have a level playing field for sellers. We also have a level playing field as far as accepting credit cards. And that's important as just a basic principle of buying and selling on eBay.

Griff: I'd also like to mention if I may, that another solution, especially for sellers who may have a merchant account set up and maybe use a combination of PayPal in their merchant account but don't have a secure site to send people to that option, that our third party vendors in the eBay Solutions Directory, a lot of them offer merchant solutions to eBay sellers that include a secure service sight as well as part of a package. So its worth checking out if you're a business owner

or seller and you have a merchant account and you want to use it that could be a really good alternative as well. This one's for you, Jeff.

Jeff Jordan: Sure.

Griff: This is a live question that just came in and it was directed to Jeff, and it says:

Question # 10: Jeff, do you see an extension of the Holiday Season program that allows buyers to pay over time?

Answer from Jeff Jordan: The quick answer to that is, yes, actually it's an ongoing program. We have been experimenting probably a year and a half with something called PayPal Buyer Credit, which is a functionality we actually worked with GE that enables our buyers to pay with a credit facility, a unique credit facility. And it allows our sellers to offer the same kind of payment terms that the largest off-line and online sellers can. Things like no interest for 90 days or no interest for 180 days, kind of promotions. The response we are getting from the Community's been strong. Buyers have adopted it pretty aggressively. There's already hundreds of millions of dollars of buyer credit transactions being paid. The sellers have been supporting it by offering those unique payment terms. And it's something we plan to continue to grow. Periodically, eBay and PayPal fund promotions to help us grow. That may be what the Community member is talking about. We subsidize some of the no interest for 90 days, but we're going to continue to offer an expanded facility. We're pretty excited about it. We think it's a great proposition for everyone involved; the seller getting incremental sales and can offer the same terms as Amazon does. The buyers get liquidity. They also get full buyer protection. You know, and eBay and PayPal get the derivative benefit of more business. Win/Win.

Griff: Jeff, when that happens, when a seller opts in for that, does a seller have to wait for their money?

Jeff Jordan: I believe they get it instantaneously. Dana, do you know?

Dana Stalder: Absolutely. So if the seller opts to offer special financing like no payments for 90 days on their eBay listing, they will receive the cash instantly, as if it was funded with a credit card. No difference at all. And no additional risk, other risk of collectibility is taken care of by PayPal.

Griff: Brilliant! Thank you very much. Uh, time to go back to eh, do we have a live question or do we want to take one that came in earlier? Uh, this one is for you Dan. This is about spoof.

Question # 11: It seems more than ever, I've receiving emails claiming to be from PayPal and wanting information, although I don't answer. What if anything, are you doing to help solve this problem?

Answer from Dan Levy: So we definitely know that people are getting lots of emails that are purporting or looking to be like PayPal that aren't from us. And it's a problem for the whole industry. It happens to many different financial institutions and many different credit card providers as well. I received a few of them myself yesterday. First of all, thank you for recognizing that these aren't from PayPal. That's the best thing you can do to prevent the problem yourself. And for those of you that are listening in, if you get an email and you don't know if it's from PayPal, forward it to spoof@paypal.com and we will reply back very quickly and tell you whether it is or whether it isn't. Additionally, if you ever have any questions, you can always just open a brand new web browser and log into PayPal by just typing the web address directly into that browser.

With that said, we take this problem very seriously. We don't like that you're getting these emails in your inbox. We don't like that we're getting it in our inbox. So we are doing many different things. We're working with a number of different other companies that have the same problem. And as an industry, we're trying to go out and see what we can do to help improve spam filters and anti fishing filters and we're trying to get these bad guys arrested. People that do this are committing crimes and we're working hard with law enforcement to try to get them put away, because we need to reduce the incentive that they have for sending these fraudulent emails. And I'm happy to report that over the last year, working both in the US and internationally, we've been able to arrest a number of these different people. And I believe if you go to the eBay Security Center, you can even read about some of the arrests that we've had success in doing. Thanks in a large part, to the work that you've done to report these emails to us and working with us to help solve these problems. So we don't have all the solutions yet but we're working hard on it. And the best thing you can do is just be vigilant yourself and keep reporting the emails to us because then you help us prevent the problem from affecting other users.

Dana Stalder: Dan, did you talk about the Toolbar or?

Dan Levy: Oh yeah, that's another good point. So beyond the emails, eBay actually offers a great solution called the eBay Toolbar. Not other does it help Griff keep up with all of his bids and finding activity, but it also has a great security in it, where by if you accidentally click on a link that is not from PayPal or from eBay, or from a number of other industry people, it will pop essentially to the equivalent of a big stop sign up in front of you and say, "This is a site that doesn't look like it's eBay or PayPal. Please report it now and you can click a button and report it. Close your web browser and you'll be safe."

Dana Stalder: And to be a little more specific, if you try to enter any of your eBay or PayPal passwords or user name, it will...

Dan Levy: Right. It will mainly protect you from going to a bad site and then if you try to use your password or other information on other sites, it will stop you from doing that as well. So it's a great tool and it's one of many different things that we're trying, to help keep people safe online.

Griff: Thanks, Dan. I'd also like to take a moment just to mention My Messages too.

Dan Levy: Yeah, on eBay.

Griff: How important that is. If you get an emails that looks like it's a valid or a legitimate emails from eBay or PayPal, eBay specifically for that case, check My Messages. If it's not there, it's not legit. And also Dan, just four words personally for you, Toolbar for Mac. (laughter from the audience)

Dan Levy: Yeah.

Griff: Every time I'm at home with my Mac, I forget to buy stuff, because there's no toolbar to remind me to find it, to bid on something.

Gary Briggs: I'll call you.

Griff: You'll call me? Okay, thanks. Now I've got my own personal toolbar.

Jeff Jordan: We often call Gary a tool, so that's okay; a toolbar.

Griff: This next question is about emails and it's directed to you, Jeff.

Question # 12: **Why is it that when contacting PayPal with a specific problem, they returned a canned emails that in most cases, I know it has nothing to do with the original emails question or problem. The canned answer normally contains the reiteration of PayPal's disclaimers.**

Answer from Jeff Jordan: You know, we work hard not to do this, believe me or not. The reason we use canned responses is in efforts to, you know, in certain circumstances, get productivity and efficiency on our webs. But you know it has to work. It can't, we can't get our efficiency at the expense of the Community's efficiency. So you know, we continue to try to do this better. We, over the past year and a half, two years, have invested enormously in Customer Support. PayPal now has over 5,000 employees. The majority of which, work in Operations and Customer Support. And you know, we've made an extraordinarily investment because frankly, our service levels when we did this

call a year ago, were not sufficient. I mean we weren't answering phones fast enough. We weren't responding to emails fast enough. And you know, frankly, we didn't think we were providing the service we need to. We're pleased to report that after a lot of work, we're getting to the point where we feel we're being responsive to the Community members. Not every time but on average, you know, our mean time to answer phone calls, our average time to responding to emails has really come down significantly. So we're pretty excited by that but we have to keep providing a better and better user experience. So we will try not to give canned, generic answers. When we try to give the right answers, we're trying to make our support available. And we offer phone support. We encourage folks to take advantage of it.

So a live question was submitted. "How do you talk to a human voice?" And yeah, we, PayPal does offer a human voice. We have a phone number published on the site. Go to Help, Contact Us and look at look at By Phone and you can get to that phone number at any time. So hopefully, you guys have noticed an improvement. We're committed to it and our Operations teams in Omaha and Dublin are very committed to it. So we hope we're going in the right direction.

Griff: Thanks, Jeff. A question for Dan. Again Dan, it seems we're directing a lot to Dan.

Dan Levy: I love your show. I keep warming up my voice here.

Griff: And you're doing a very good job.

Dan Levy: Thank you.

Griff:

Question # 13: When are you going to improve confirmed addresses? Just about every website will take a credit card order over the phone and ship to an address other than the billing address. Your system discourages this as you tell vendors not to do business in this way. Can you at least make it easier for me to add a confirmed address?

Answer from Dan Levy: So let's talk about what confirmed address is and then how it impacts both buyers and sellers. Because I think it's a great topic and I think we'll probably get more questions on it, and we're probably getting questions right now on it. So a confirmed address in the PayPal system literally just means that the address on the account matches the credit card billing address. Confirmed address is something that's been used in the credit card industry by merchants long before eBay even came around. And it's a basic tool that a merchant can use to decide whether, it's essentially a fraud tool. They can decide whether they want to accept an order or not. Because if a seller sees

an item that's asked to being shipped to an address that's different than the credit card billing address, it doesn't mean it's bad. It just means, "Hey, maybe I need to look a little more deeply at what this buyer does." Every merchant on the web, from Amazon.com to Walmart.com to eBay sellers make decisions everyday about which transactions that want to accept and which transactions they don't.

I do want to clear up one thing in the question which says that our system discourages you from shipping to addresses that aren't confirmed. And that's really not true. We provide confirmed address as a tool to our sellers to be able to make intelligent decisions about what type of order that want to accept or not, but it is entirely the business' choice. And the vast majority of the merchants on eBay choose to ship to addresses that aren't confirmed for gifts or for other reasons. Like it's shipped to other people's work address and it's perfectly fine and they have great experiences doing it. And frankly, they're probably making more money by doing that than sellers that aren't accepting confirmed addresses. So confirmed addresses is a tool. It's one that PayPal provides. It's one that the industry provides and we think it can be a great tool for managing risk but it's different for every seller.

With that said I do want to say that we are working hard to provide other and better tools to help sellers manage their risk online. We have started to go about using all the information that we've built about buyers and sellers, to be able to confirm more addresses. So we can tell a seller, "Look, we'll take some extra risk and we will try to help you make safer sales." And we are constantly looking at new ways we can build other tools to help sellers better manage their risk and be a good partner with them so they can make more money using PayPal, which is what we both want.

Griff: Thank you very much. This one is for you, Bill. And this is about international shipping options.

Question # 14: I was so excited when you introduced PayPal shipping internationally. What I want to know is why you don't allow Air Mail Letter Post? I ship records using that method at my local post office and would love to use PayPal shipping for all my packages.

Answer from Bill Onderdonk: So I'd first just like to join you in feeling good about international shipping through USPS. I mean it's just a fantastic feature. A lot of sellers are very excited about it and we're glad you're excited about it. Recognize that our mail letter post is not supported today in the product and it's something that we're working with the USPS to be able to support and those negotiations and that process just takes time. But certainly, what we want to do is make it as easy as possible for you to sell across border selling internationally and so we're continuing to work to improve the product.

Griff: Thank you, Bill. And a reminder, if you do have a question that you would like to ask right now, just enter it into the text box on the Town Hall window and click “submit” and we’ll get it sent over to us by the folks that are printing them out.

And this one is a question, let’s look at this. Should we take this one here?

Dana Stalder: Absolutely.

Griff: This one is for both Dana and Gary, I believe.

Question # 15: Are there any plans to lower the percentage PayPal charges? Will eBay ever charge 50% off for re-listing? It’s not fair to pay two or three times to sell an item.

Answer from Dana Stalder: So this is Dana. Let me take the PayPal one first and then I’ll hand it over to Gary here. So um, online credit card processing is actually, a pretty competitive space and there are many merchant account alternatives to PayPal. PayPal is 100% committed to being the lowest cost solution for eBay sellers and for any online merchant, period. So we are the lowest cost solution on the market today. We strive to continue to lower cost when we have opportunities to do so. We’ve actually lowered our fee structure more than once just in the last three or four years of the company’s life. The other thing I’d point out is our fee schedule is based on volume discounts. So based on the amount of payment volume that goes through your PayPal account, your fees will drop from as high as 3%, to as low as 1.9%.

Griff: Gary, there is the eBay side of that equation about re-listing.

Gary Briggs: Sure. So on that, there are a couple of things I should give. Just in general on re-listing, if you do re list your item and choose to do that through the re-list function on the site and the item sells, you don’t have to pay for the second sale right? So the person that asks the question may not be aware of that. And obviously, that’s something we encourage you to do. So if you list the item and if it hasn’t had a buyer or hasn’t successfully sold, you can go in and you can either see on the closed item listing or you can go back into My eBay and go re list that. That’s certainly a way to go.

And just another note on fees, we do look at this constantly. It is absolutely something that we spend a lot of time talking about internally and we very much understand the true impact that it has obviously, on our Community. For example though, we don’t always raise fees. People have that impression, and certainly there are times that we have; twice in each of the past years, we’ve actually lowered the first selling price by a nickel each of the last two years. So it went from thirty cents to twenty-five and this year down to twenty. So we’re doing that as a way to encourage and have our sellers you know, that choose to

bring in a pocket of a low start price, which we encourage them to do. To get them engaged, we want them to do that and we've lowered the price to allow for it.

Griff: Thank you both very much. And this is for Jeff:

Question # 16: About strategy, what if any, changes are on the way for PayPal in the near future?

Jeff Jordan: Well it's a bit of a problem. But let me try to offer with some high level comments and then some specific thoughts and ask anyone on the team to hop in with some specifics too. Um, two and a half years ago when eBay bought PayPal, PayPal was virtually 100% an on eBay.com US solve. So largely, you know, the vast majority of business was servicing you know, eBay.com sellers. We had been working on a number of measures. One is increasing the utility of PayPal on eBay.com. And we've gone from something like 40% share of eBay sales, up to effectively, almost doubling that by providing services like shipping and good integration that have aided a more convenient value proposition for buyers and sellers. We've taken eBay globally aggressively. And eBay now, eh sorry, PayPal now gives, there's over 50 countries you can send money and we're fully localized in over a dozen countries. And it's hard to take up a payments company global because there's lots of regulation, national banking infrastructure, new currencies, and new languages.

And then the other area of huge investment is taking PayPal more aggressively beyond the walls of eBay to the off-eBay suite. And fully, a third of all PayPal business right now happens to be on eBay. PayPal is just as good a solve for the broader net as it is on eBay and it's turned out it's just as good a solve for virtually every country we've entered, as it is for the US. So it really is a product with global appeal and with net wide appeal, which is pretty funny. We're testing some services beyond payment. Things like the debit card Dana mentioned. The credit eh, you know, the buyer credit we want to expand, the money market card. So, lots of high level things. You know, we mentioned Online Dispute Resolution, which we're pretty psyched about. We're about to launch a new country with a localized product of the next couple days and we have plans to continue to pretty dramatically expand the number of countries where PayPal can be used to send and receive money. We just debuted the mobile products and we're going to continue to build that up. So we've got a lot of some things but other's? You've got some things?

Dana Stalder: This is Dana. I was just going to um, really three things that you've touched on, Jeff, but our very targeted feedback we've received from the eBay Community. So shipping in particular is an area where we've made a lot of advances over the last couple of years. But we are not

done. It will become even slicker and easier and more convenient than ever over the course of the next year to do shipping integrated into your PayPal account.

The second is around disputes. You talked about Online Dispute Resolution. This is an area where we think there is lots more innovation we can do to increase transparency in the process and fairness in the process. So you'll see a big release with our ODR launch. In fact, let me put a plug in now for a Workshop tomorrow, 10:00 to 11:00 AM Pacific Standard Time, where Larry Freidberg, from the PayPal team will be holding a Workshop about the new PayPal Online Dispute Resolution service.

And then also associated with disputes is all merchant experience around disputes and what happens to funds associated to transactions when they are at a dispute. And I think a lot of eBay sellers will be very pleased with a number of very merchant-friendly things that will be unfolded over the course of the next three months in that area.

And then finally, as Dan mentioned, expanded confirmed addresses. This is an area where PayPal can and will differentiate itself from traditional credit card processing. We have the ability to make it risk free for sellers to ship to unconfirmed addresses in a way that really, no other payment provider can. And you'll see us continue to invest in that area.

Griff: For the acronym challenged, what does ODR stand for, Dana?

Dana Stalder: Online Dispute Resolution.

Griff: There you go. This is a question for you, again.

Question # 17: Why does PayPal take a percentage for shipping charges that are paid through PayPal? Isn't there a way to provide the item cost separate from the shipping cost?

Answer from Dana Stalder: Ah, okay. As a payment provider, really, our fees are based on the dollars that are processed through the account. So our cost that we pay to our bank partners and credit card associations are completely based on the dollar amount of the transaction and it's actually irrelevant what is shipping and what is the cost of good with our particular service. So we've structured our fees based on the same way we incur costs, which also is the same way all credit card processors handle fees.

Griff: Jeff, this one is for you. This is a question actually I've heard before as well.

Question # 18: Why do you charge fees for e-checks and PayPal account fund transfers to pay for eBay items?" And I think to clarify on the

behalf of the questioner, it's for somebody who has a Premiere Business account but is paying the acceptance fee for all types of funded payments.

Answer from Jeff Jordan: Sure. And I think the question is predicated that fund transfer fees and e-checks are cheaper for PayPal to handle. Overall, I mean PayPal is at a disadvantage, like all companies who accept payment the merchant is the standard for accepting the payments. We accept a broad array of payments who have different cost structures; credit cards are incredibly expensive to receive, e-checks are in the middle fund transfer accounts of shared value is cheaper. We average our payment and we are the low cost payment solution by far because we average the cost of high expensive credit cards with the less expensive solution. So we're able to pass the lower average cost onto our sellers. Why we average is we don't think it's a good experience on the buyer side to have the interaction between buyer and seller be about which financial instrument we use. We want the buyer to have the choice and autonomy to use whatever instrument they're most comfortable using. And by averaging cost, we think you know, it comes out in the wash. We're able to provide a great value to sellers while providing the buyers the experience. And over on average, you know, the mix that the seller would normally get, it will happen because of all the large numbers.

Griff: Question for Dan. This is one that came in earlier.

Question # 19: eBay Express requires sellers to ship to unconfirmed addresses, yet PayPal Seller Protection policy will not protect the seller in those cases. This does not make sense. I want to sell on eBay Express and be covered by Seller Protection with PayPal.

Answer from Dan Levy: Yeah, another good question. And we actually have done some board Workshops on this. I don't know if they're still on the eBay site. Hopefully they are.

Griff: Yes, they are.

Dan Levy: And where people can see quite a bit more dialogue and explanation on this topic. But I'll give the short answer for now. I'm sure most people at this point are familiar with Express. eBay Express is a new type of shopping site, sponsored by eBay and it's really targeted at mainstream buyers, buyers that may not have come to eBay before. So what we wanted to do is we wanted to create the easiest buying experience possible for those new buyers. And when I say "new buyers" I think that's really the key, is this is hopefully, and the whole point of this is to drive incremental new sales to our sellers, to bring new buyers that may not be here; who aren't buying from you yet. So we need to balance the need to bring those new buyers that they want to ship it to a gift address or a work address that may not be confirmed. So the question for the seller is really, "Do you want to take some extra incremental sales and not ship to

a non-confirmed address?” Now as I said earlier, the vast majority of transactions that are taken place on eBay, whether they’re at confirmed or unconfirmed addresses, are fine. This is the same question we get when people ask about shipping internationally. And I guess that’s probably the best analogy. We found that when sellers ship internationally, they can get much higher bids and much higher prices, although PayPal Seller Protection Policy doesn’t apply.

So we tried to create with Express, an experience that’s great, that’s going to bring as many new buyers as possible. And we left the choice up to the seller of, “Do you want to ship to a confirmed address or not?” and that’s you know, to be protected by the Seller Protection policy. The one thing I will add is that every seller has the choice to review every payment that comes in. And if it does come from an unconfirmed address and if you don’t want to take the payment because you’re concerned about the risk, you always have the option to refund it. And we will refund your fees along with it. But the high level message that I’d encourage most sellers to do is experiment. Try it out. Find what’s right for your business. We definitely think that shipping to unconfirmed addresses is a perfectly fine thing to do, just along with shipping internationally. But you know your business better than we do, so try it out. See what you think and we’ll be here to help you if you ever end up having any problems.

Griff: Thank you very much. That was a great answer. I’d like to add too, eh, reiterate your point about business and risk. And of course, all business entails some risk. What I love about using PayPal and using eBay Express is that you actually get to decide how much risk you’re willing to take. As you mention, you can refuse a transaction if you look at it and you determine an unconfirmed address to eBay Express. If that may be something that makes you uncomfortable, you can choose not to accept it.

We have about seven to eight minutes remaining, so I encourage you, if you have a question, to type it into that box there on the window on the Town Hall and submit it before the time is up here. And as we get them, we will read them out. In the meantime, we’ll answer some questions that came in earlier.

And Bill, this is for you. This is a question about duplicate payments.

Question # 20: I have a problem with eBay submitting duplicate payments with the same item number information. Can PayPal design a system that warns someone when it will resubmit a payment? Like when someone uses their back button on the browser.

Answer from Bill Onderdonk: Yes, Griff, we can. This is certainly a great point and we are working as we speak, on a solution to this problem that should roll out later this summer that will basically prevent people from making a duplicate payment as they’re going through their checkout.

Griff: Cool. That's great. Thanks. Dan, another one for you:

Question # 21: **Why can PayPal just limit an account without any notice?**

Answer from Dan Levy: Yeah, you know what's funny about this question is I don't think I've gotten this question in a Town Hall since eBay Live!, probably back in Anaheim. So I guess it's, or maybe it was New Orleans. In any case, it was longer than my memory goes back, which is I guess, a good sign which means not that many people are having problems with account limitations. Which is I think, a good sign for the business.

For those that don't know, PayPal has something called "account limitations" or "limited account access" which is one of the ways that we help to protect the Community and keep them safe. We talked earlier about detecting and preventing fraud. And one of the tools that PayPal uses, if we noticed that an account may be causing problems. Maybe your account was taken over or we think there's some other problem happening, is we'll put a limitation on the account. It doesn't mean it's closed. It doesn't mean it's locked. It just means it's prevented from kind of causing further problems to the other members of the Community. And we do this because with PayPal it's a Community, and every account can go impact every other account by kind of sending or receiving money, and we don't want to let an account that we know is causing problems to essentially impact everyone else in the Community. So without knowing the specifics of what this account holder is asking about, it's kind of hard to say. But what I can tell you is if PayPal does notice that there's something strange in your account that might be fraud, we'll put an account limitation on it and then we will ask the account holder to provide more information back to us to verify that account. And as soon as we get that information, generally within a few hours, we can get that account restored to normal buying and selling behavior and get people on their way. So we think it's a pretty simple and easy way to help prevent fraud for everybody without putting too much of a burden on the effected account.

Griff: Thank you, Dan. All right, Dana, this is a question for you. It's one that I actually identify with. I'll tell you way later.

Question # 21: **I don't like the fact that your website defaults to charging my bank account instead of a credit card. I want my credit card bills always, as the default. I understand that PayPal saves money by billing bank accounts but isn't it wrong to not offer a permanent setting that lets us choose our default payment source?**

Answer from Dana Stalder: Good question. So I will add to the, when we say that PayPal saves money. Ultimately what that means is that that is what allows us to charge the lowest fees in the industry. So we take that

savings and pass it right through to the merchants and into the Community as well. But with that said, it's important to know that while bank payments are the default for those people have verified their accounts, you do have the option to change your funding source by simply clicking on the "change funding source" link when you're about to make a payment. And from there, you can actually that's the same place you would go to change if you would want to use a different credit card or you'd want to use a debit card or you wanted to use your PayPal Buyer Credit or you wanted to do any other change of funding source. So that option is available.

Griff: Thank you, Dana. Okay, let's move ahead. Jeff is helping me select which questions we should do in our short amount of time, which is now less than five minutes.

Jeff Jordan: All right, let's try get to the meaty ones.

Griff: This is a question for you, Dan, again. I hope we're not wearing your voice out.

Dan Levy: No, I'm fine. I'll just take a vacation day tomorrow. Right, Jeff? (laughter from audience)

Jeff Jordan: Uh, how about the day after tomorrow?

Griff: Dan...

Question # 22: **As a buyer, it would be nice to know when sending a payment, what level of protection I will quality for if something goes wrong. Like for example, eBay's Standard Protection or PayPal's Buyer Protection or none. This could appear on the page just before submitting a payment.**

So it's kind of a suggestion.

Answer from Dan Levy: You know that's actually a great suggestion. Jeff and I have been working with Gary and his team for quite awhile to try to make protection more visible on the site. If you look back at eBay three, four, five years ago, nobody used to tell you when you were protected and when you were not. But we are doing a better job of that now and I completely appreciate the suggestion and I can tell you, you will see changes in this area where we will tell buyers when they're going to be protected.

Jeff Jordan: Yeah, we're really excited about the level of protections we managed to get into the marketplace since PayPal. And the fact is you're safer when you pay with PayPal. And yeah, with buyer protection which covers something like uh, PayPal Buyer Protection, what is it?

Dan Levy: 70 to 75%

Jeff Jordan: 70 to 75% of listings, you're covered up to a thousand dollars with no deductible or service fee. You know, and that's you know, three and four items on the site covered to a thousand dollars is a pretty big deal and we want to be sure that buyers know they have that level of protection, which we think will increase their propensity to bid.

Griff: Jeff, we're just about out of time, so that will have to be our last question. Do you have anything you'd like to say before we end?

Jeff Jordan: Yeah, I mean one quick joke to remind you of the day I'm taking the day after tomorrow. Meg and I used to work at Disney and one of the sayings was, "If you don't come in on Saturday, don't bother coming in on Sunday." (laughter from the audience)

So we really got that. But um, thank everyone for taking the hour to participate today and submitting your questions and listening. We are really focused on trying to provide the world's best online payment service. And you know, it's through the feedback we get, from the Community suggestions, the juice that makes us better everyday. So we appreciate the questions; the easy ones and the hard ones, and we look forward to continuing to provide a better service for everyone as we go forward. So thanks very much for your help. I look forward to seeing everyone at eBay Live!

Griff: Thanks, Jeff. And you forgot to mention the reason why that last question was kind a near and dear to my heart; it was the first email question I ever sent to PayPal when I opened my account seven years ago. It looked like something I had written.

Thanks, Jeff. And for all those on the line, please mark your calendar for the next Town Hall event. A live event from the show floor at eBay Live!, on Thursday, June 15th, at 11:00 AM Pacific Time. And if you haven't registered yet, there's still time to do so. So just go to www.eBay.com/eBayLive. This is just a rumor I heard, but I do know that registration is starting to fill up in a way we've never seen before and there is a chance that it may be cut off. So you want to register now. If you're not able to join us in Vegas, you'll be able to tune in online as always, by visiting the Town Hall page at www.eBay.com/TownHall. And if you'd like to listen to a repeat of this PayPal Town Hall, please tune in to our audio archive, which will be available next week at the Town Hall page. A transcript will also be available.

To wrap it up, I'd like to reiterate how appreciative we are to have you here at the Town Hall and to hear your questions. Thank you all so very much. Have a nice evening and good night.

Thank you, yea. . . (applause)

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