PayPal™

Technical Overview of PayPal as an Additional Payment Option

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Technical Overview of PayPal as an Additional Payment Option

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Preface

This Document

This document discusses how you can offer PayPal as an additional payment option and provides recommendations on how to ensure PayPal payments are securely processed from your website with either Express Checkout or Standard Checkout.

Intended Audience

This document is written for merchants who want to add PayPal to their online payment options.

Organization of This Document

Chapter 1, "Introduction," provides an overview on Express Checkout and Standard Checkout and compares both checkout processes.

Chapter 2, "Integrating PayPal Payments With Express Checkout," details how to implement Express Checkout before, during, and after a transaction.

Chapter 3, "Integrating PayPal Payments With Standard Checkout,"explains how to implement Standard Checkout before, during, and after a transaction.

Referenced Documents

Online Manuals

- *PayPal as an Additional Payment Option: Standard Checkout Integration Guide*:
  https://www.paypal.com/en_US/pdf/PP_PaymentOption_StandardCheckout_IntegrationGuide.pdf

- *PayPal as an Additional Payment Option: Express Checkout Integration Guide*
  https://www.paypal.com/en_US/pdf/PP_PaymentOption_ExpressCheckout_IntegrationGuide.pdf

- *Order Management Integration Guide*
  https://www.paypal.com/en_US/pdf/PP_OrderManagement_IntegrationGuide.pdf

- *PayPal Sandbox User Guide*:
  https://developer.paypal.com/en_US/pdf/PayPal_Sandbox_User_Guide.pdf

- *Web Services API Reference Guide*:
  https://developer.paypal.com/en_US/pdf/PayPal_API_Reference.pdf

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To contact Customer Service about documentation problems:

1. Go to https://www.paypal.com/.

2. Click **Help** in the upper left corner of the page.

3. Click **Contact Us** in the lower left of the page.

4. Choose **Help by Email**.

5. Complete the form.

1 Introduction

If you have existing payment processing methods, PayPal now offers you the ability to add PayPal to your online payment options. Offer your buyers PayPal as an alternative payment method by implementing either one of the following checkout processes:

1. Express Checkout (**recommended**)

2. Standard Checkout

Express Checkout

Express Checkout is a PayPal API-based implementation that you can seamlessly integrate into your existing checkout process. Implementing Express Checkout provides the following benefits:

- Allows your buyers to complete their purchase on your website, providing you with more control over their checkout experience.

- Minimizes the steps your buyers take to complete a transaction. Instead of entering shipping and billing information on your website, your buyers log in to PayPal to use their stored information.

- Offers you the flexibility of several PayPal placement options: you can place an Express Checkout button as the first step of your checkout process, you can place an Express Checkout button alongside your other payment methods, or you can elect to implement both options.

- Helps your buyers feel secure so they can buy more. Buyers prefer to pay with PayPal because their sensitive information is kept safe. When they are confident that their information is secured, they tend to purchase more.

For more information about Express Checkout, see the *PayPal as an Additional Payment Option: Express Checkout Integration Guide*.

The following diagram illustrates the PayPal recommended Express Checkout process:

FIGURE 1.1 Recommended Express Checkout Process

1. When they are ready to checkout, your buyers click a PayPal Express Checkout Button on your website. They also have the option of using your existing checkout flow to pay with a credit card.

2. They are directed to PayPal to review or edit their shipping address and billing information.

3. They click **Continue** to approve the use of PayPal.

4. Your buyers are transferred back to your website to review their order and complete the checkout process.

5. Your buyers click **Pay** to submit their order on your website. You make an API call to PayPal to request payment. PayPal sends your customer an email receipt.

6. You transfer your buyers to an order confirmation screen on your website. They will also receive an email receipt from PayPal.

Standard Checkout

To quickly and easily offer PayPal as an Additional Payment Option, implement Standard Checkout by adding PayPal-specific HTML code to your website to exchange transactional

FIGURE 1.1 Recommended Express Checkout Process

1. When they are ready to checkout, your buyers click a PayPal Express Checkout Button on your website. They also have the option of using your existing checkout flow to pay with a credit card.

2. They are directed to PayPal to review or edit their shipping address and billing information.

3. They click **Continue** to approve the use of PayPal.

4. Your buyers are transferred back to your website to review their order and complete the checkout process.

5. Your buyers click **Pay** to submit their order on your website. You make an API call to PayPal to request payment. PayPal sends your customer an email receipt.

6. You transfer your buyers to an order confirmation screen on your website. They will also receive an email receipt from PayPal.

Standard Checkout

To quickly and easily offer PayPal as an Additional Payment Option, implement Standard Checkout by adding PayPal-specific HTML code to your website to exchange transactional

information with PayPal. From your website, your buyers are transferred to PayPal to complete payment and are then redirected back to your website for order confirmation.

For more information about Standard Checkout, refer to the *PayPal as an Additional Payment Option: Standard Checkout Integration Guide*.

If you collect your buyers' shipping and billing information during your checkout process to calculate the final order amount, implement the following Standard Checkout process, which uses your own shipping and tax calculators:

FIGURE 1.2 Standard Checkout Process With Your Shipping and Tax Calculators

1. The checkout process begins when your buyers have added items to their shopping cart and click **Checkout**.

2. They enter their shipping information and choose PayPal as their payment method. Then you calculate the tax and shipping charges based on the entered shipping information.

3. They review their order and press the **Order** button, containing the order amount.

4. They are transferred to PayPal through HTML redirect.

5. At PayPal, your buyers review or edit their shipping address and billing information. Your buyer click **Pay** to complete payment. Their payment is processed, and PayPal sends your buyers an email receipt.

6. They review their PayPal payment receipt.

7. They are automatically redirected to your website if you have enabled Auto Return.

8. They arrive at the order confirmation screen on your website. You are notified of a successful payment via email or PayPal Instant Payment Notification.

If you do not need your buyers' shipping address to calculate shipping and tax charges, PayPal recommends that you display the PayPal option before asking your buyers to enter their shipping or billing address. This allows your buyers with PayPal accounts to quickly checkout using their stored at information at PayPal. In this instance, you have two options:

1. Provide PayPal with a flat shipping and tax charge, which is displayed on the checkout pages.

2. Use the PayPal shipping and tax calculators to compute your buyers' total tax and shipping charges.

NOTE: To use the PayPal shipping and tax calculators, you must first activate and configure them. For more information on the PayPal shipping and tax calculators, go to Chapter 9, "Calculating Shipping, Handling, and Tax," in the *PayPal as an Additional Payment Option: Standard Checkout Integration Guide*.

The following diagram shows the recommended Standard Checkout process using the PayPal shipping and tax calculators:

FIGURE 1.3 **Standard Checkout Process With the PayPal Shipping and Tax Calculators**

1. When they are ready to check out, your buyers choose PayPal as the payment method and their preferred shipping method on your website. Your buyers also have the option of using your existing checkout flow to pay with a credit card.

2. They are transferred to PayPal through HTML redirect.

3. They select or add their shipping address and billing information. They click **Pay** to submit their order. The payment is processed and PayPal sends your buyers an email receipt.

4. They review their PayPal payment receipt.

5. They are automatically redirected to your website if you have Auto Return enabled.

6. Your buyers arrive at the order confirmation screen on your website. You are notified of a successful payment via email or PayPal Instant Payment Notification.
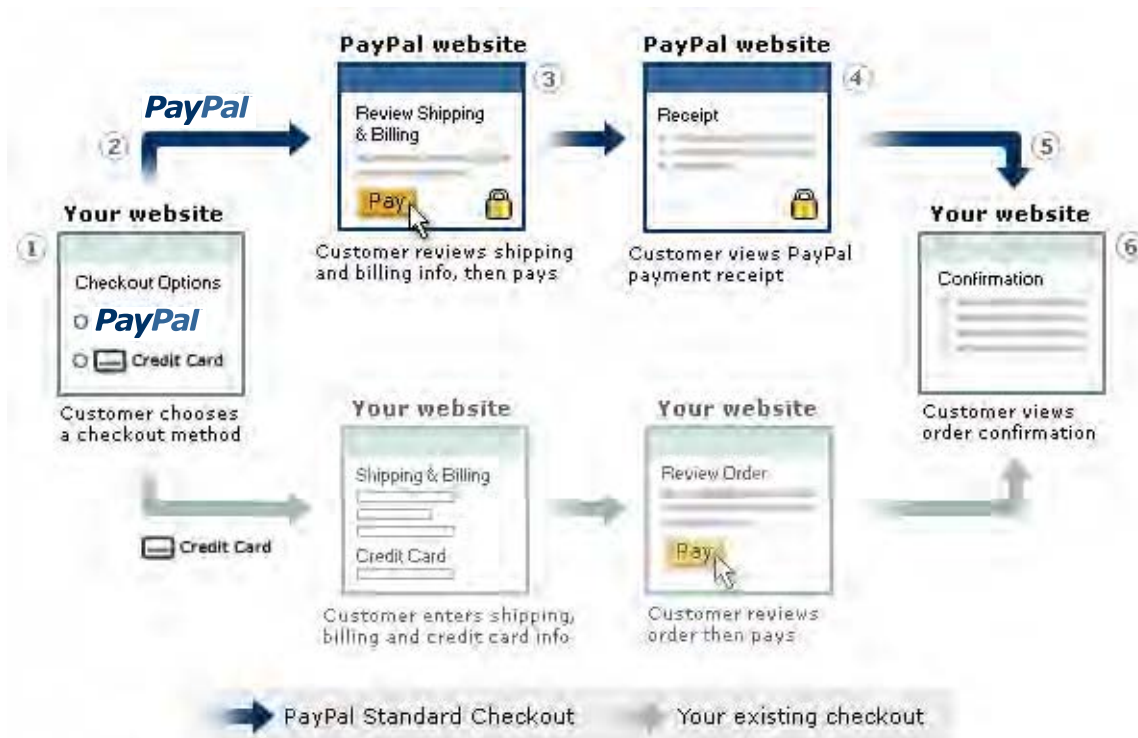
NOTE: If you already follow a checkout process similar to the flow shown in Figure 1.3 "Standard Checkout Process With the PayPal Shipping and Tax Calculators," PayPal recommends that you implement Express Checkout to provide your buyers the fastest checkout experience using PayPal as an Additional Payment Option.

Express Checkout and Standard Checkout: A Comparison

The following table discusses commonalities between Express and Standard Checkout.

TABLE 1.1 Similarities Between Express and Standard Checkout

	Express Checkout and Standard Checkout
How does PayPal integrate into my existing systems?	When choosing PayPal as the payment method on your website, your buyers are transferred to PayPal to select or add their shipping, billing, and payment information.
What payment methods can my buyers use when paying with PayPal?	Credit cards, debit cards, bank transfers, or PayPal balance are accepted payment methods.

The following table presents key differences between Express and Standard Checkout.

TABLE 1.2 Primary Differences Between Express and Standard Checkout

	Express Checkout	Standard Checkout
What technical skills are needed?	Integrate PayPal using SOAP APIs. For more information on the necessary technical requirements for Express Checkout, see the *PayPal as an Additional Payment Option: Express Checkout Integration Guide*	Integrate PayPal using HTML.
Where do my buyers complete payment?	Your buyers make their payment and complete their order on **your website**.	Your buyers make their payment and complete their order at **PayPal.**
How will I be notified of payment authorizations?	You receive notifications of successful payment authorizations in real-time, before you submit the order to your database.	You receive notifications of successful payment authorizations through email or via Instant Payment Notification.
Do my buyers have to sign up for a PayPal account?	Non-PayPal account holders are asked to sign up during the checkout process.	Non-PayPal account holders can pay without signing up for a a PayPal account.

T ABLE *1.2   Primary Differences Between Express and Standard Checkout*

	Express Checkout	**Standard Checkout**
When do I provide PayPal with the final order amount?	When your buyers are sent to PayPal, you provide PayPal with the order **subtotal**, then calculate the **final** order amount when your buyers are redirected to your website to complete their order. N OTE : You should pass a subtotal if you are using the PayPal shipping and tax calculators.	When your buyers are directed to PayPal, you provide PayPal with the **final** order amount. N OTE : This step allows you to add PayPal as a payment mark early in your checkout process, while enabling you to use your own shipping and tax calculators.

Preliminary Steps

Before you can offer PayPal as an Additional Payment Option through integrating Express Checkout or Standard Checkout, you must sign up for or upgrade to a PayPal Business account.

For more information on signing up and configuring a Business account, see Chapter 3, "Getting Started," in the *PayPal as an Additional Payment Option: Standard Checkout Integration Guide*.

Implementing Express Checkout or Standard Checkout requires a Premier or Business account. However, PayPal recommends that Premier or Personal account holders upgrade to a Business account so that their business name, rather than an email address, will appear on the PayPal payment pages.

To upgrade to a Business account, complete the following steps:

1. Log in to your PayPal account at https://www.paypal.com.

2. Click the **My Account** tab.

3. Click on the **Upgrade Account** link in the Enhance Account box.

4. On the next page, click **Upgrade Now**.

5. Select the **Business Account** radio button on the following page to display your business name on PayPal payment pages. Click **Continue**.

6. Fill in your business information and click **Save**.

7. You have successfully upgraded your account to a PayPal Business account.

2 Integrating PayPal Payments With Express Checkout

This chapter discusses how you can offer PayPal as an Additional Payment Option using PayPal's Express Checkout.

To implement Express Checkout, complete the following steps:

- Add an Express Checkout button to your website.

- Integrate the Express Checkout APIs. Use these APIs to initiate the Express Checkout process, retrieve information about the buyer (such as their email and shipping address), and finalize the payment.

For more detailed information on how to integrate Express Checkout into your business processes, see the *PayPal as an Additional Payment Option: Express Checkout Integration Guide*.

Integration Checklist for Express Checkout

To offer PayPal as an Additional Payment Option with Express Checkout, complete the following steps.

Required Steps

__1. **Sign up for and configure a PayPal Business account.**
To start accepting PayPal payments, you must have a PayPal Business account. For more information, see the ***PayPal as a Payment Option: Standard Checkout Integration Guide***.

__2. **Implement Express Checkout.**
For more information on how to implement Express Checkout, see the *PayPal as an Additional Payment Option: Express Checkout Integration Guide*.

Recommended Steps

__1. **Create a Sandbox account** at https://developer.paypal.com.
Test your PayPal applications on the PayPal Sandbox, a virtual environment, before implementing them on your website.

For more information on the Sandbox, see the *PayPal Sandbox User Guide*.

__2. **Process refunds.**
Provide your buyers with immediate refunds through the RefundTransaction API or refund your buyers' payment on the PayPal site.

For more information about APIs, see the *Web Services API Reference Guide*.

For more information about processing refunds from the PayPal website, see the *PayPal as a Payment Option: Standard Checkout Integration Guide*.

__3. **Enable Instant Payment Notifications**.
Get real-time notifications of payments, transaction statuses, refunds, and complaints.

For more information on Instant Payment Notifications, see the *Order Management Integration Guide.*

Before the Transaction

To start accepting PayPal payments, you must sign up for or upgrade to a PayPal business account. For more information, see "Preliminary Steps" on page 15.

Position PayPal on Your Website

Implementing Express Checkout offers you the flexibility of several PayPal placement options:

1. Place an Express Checkout button as the first step of your checkout process to allow your buyers to use their stored information when they checkout with PayPal. This eliminates the need for your buyers to enter their shipping and billing information on your website and ensures a faster checkout process.

2. Or you can place an Express Checkout button with your other payment methods to offer PayPal as an alternative payment option.

NOTE: PayPal recommends, but does not require, that you to add an Express Checkout button in both locations.

For more detailed information on Express Checkout button placement, see the *PayPal as an Additional Payment Option: Express Checkout Integration Guide*.

During the Transaction

Make three API calls to guide your buyers from your website to PayPal to confirm billing and shipping information and back to your website to complete their transaction. At the PayPal website, your buyers can choose to fund their payment using their PayPal balance, credit card, debit card, or bank account.

1. The `SetExpressCheckout` API lets PayPal know that you are using Express Checkout to process the transaction.

2. Use the `GetExpressCheckoutDetails` API to retrieve your buyers' information (such as their email and shipping address).

3. Send the `DoExpressCheckoutPaymentRequest` to PayPal to request payment.

For more information on the Express Checkout APIs, see the *PayPal as an Additional Payment Option: Express Checkout Integration Guide*.

After the Transaction

After your buyers payments are completed, you can use PayPal features to do such actions as analye your transaction history or process refunds.

View and Analyze Your Transaction History

Use PayPal's Downloadable History Log to efficiently track, sort, and print transactions from your PayPal account. For more information about the Downloadable History Log, see the *Order Management Integration Guide*.

Process Refunds

In the event that a refund or partial refund needs to be made, you can either:

1. Use the RefundTransaction API to immediately refund your buyer's payment. For more information on the RefundTransaction API, see the *Web Services API Reference Guide*.

2. Issue a refund from the PayPal website from the Transaction Details page of your account history. For more information about processing refunds, see "Processing Refunds" in the *PayPal as a Payment Option: Standard Checkout Integration Guide*.

   NOTE: The default refund period for seller-initated refunds is 60 days from the date of payment completion.

3 Integrating PayPal Payments With Standard Checkout

This chapter discusses recommended steps you can take to offer PayPal as an Additional Payment Option using Standard Checkout.

To implement a Standard Checkout, complete the following steps:

- Create and add HTML to your website to display the PayPal payment button.
- Transfer your buyers to PayPal to complete payment.
- Confirm that the order has been completed.

For more detailed information on how to integrate Standard Checkout into your business processes, see the *PayPal as an Additional Payment Option: Standard Checkout Integration Guide*.

Integration Checklist for Standard Checkout

To offer PayPal as an Additional Payment Option with Standard Checkout, complete the following steps.

For more information on the following features, see the *PayPal as an Additional Payment Option: Standard Checkout Integration Guide*.

Required Steps

__1. **Sign up for and configure a PayPal Business account.**
To start accepting PayPal payments, you must have a PayPal Business account.

__2. **Add PayPal Website Payments HTML code to your website.**
Add Website Payments code to start accepting payments for items from your website. Use PayPal's Button Factory to generate code or write the HTML code yourself.

Recommended Steps

__1. **Create a Sandbox account** at https://developer.paypal.com.
Test your PayPal applications on the PayPal Sandbox, a virtual environment, before implementing them on your website.

For more information on the Sandbox, see the *PayPal Sandbox User Guide*.

__2. **Implement Encrypted Website Payments**.
Use the Encrypted Website Payments feature to guarantee that your button information will be secure.

For more information about Encrypted Website Payments, see the "Encrypted Website Payments" chapter in the *PayPal as an Additional Payment Option: Standard Checkout Integration Guide*.

__3. **Customize your PayPal payment flow.**
Improve your buyer's checkout experience when you activate Auto Return and Payment Data Transfer.

__4. **Enable Instant Payment Notification**.
Get real-time notifications of payments, transaction statuses, refunds, and complaints.

For more information on Payment Data Transfer and Instant Payment Notification, refer to the *Order Management Integration Guide.*

Before the Transaction

To start accepting PayPal payments, you must sign up for or upgrade to a PayPal Business account. For more information, see "Preliminary Steps" on page 15.

Enable the PayPal Shipping and Tax Calculators (optional)

To automatically compute and add tax and shipping charges to the order amount, you must first activate and configure the PayPal shipping and tx calculators. Activating this feature applies tax and shipping charges to all payments sent through PayPal Website Payment buttons.

For more information on the PayPal shipping and tax calculators, see the *PayPal as an Additional Payment Option: Standard Checkout Integration Guide*.

Create Website Payments Code

Additionally, you must create PayPal-specific HTML code to add to your website. The code lines are standard HTML form input variables and follow a *variable = value* format. For a full list of HTML variables and customization options, see "HTML Samples and Buy Now and Shopping Cart Variables" appendix of the *PayPal as an Additional Payment Option: Standard Checkout Integration Guide*.

For more information on creating PayPal Website Payments code, see the *PayPal as an Additional Payment Option: Standard Checkout Integration Guide*.

During the Transaction

When your buyers are ready to check out, complete the following steps to process your buyers' payments. At the PayPal website, your buyers can choose to fund their payment using their PayPal balance, credit card, debit card, or bank account.

Collect Buyer Information

During the checkout process your buyers enter their shipping address and choose a shipping method. You can use the PayPal shipping and tax calculators or your own tax and shipping calculators to compute charges if applicable.

Using the PayPal Shipping and Tax Calculators

The PayPal shipping and tax calculators compute and apply tax and shipping charges to the order amount. These charges are displayed to your buyers on the review page before they pay.

Using Your Own Shipping and Tax Calculators

Use the shipping address your buyers entered on your website to calculate shipping, handling, and tax charges.

NOTE: If you do not need your buyers' shipping address or billing information, PayPal recommends that you do not request that they enter it on your website. This reduces the information your buyers need to enter to complete a transaction. Instead, your buyers are redirected to PayPal to review or edit their shipping address and billing information.
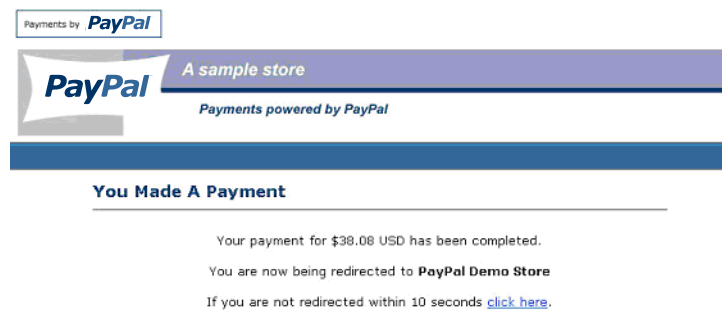
Pass Website Payments Code to PayPal

When your buyers choose PayPal as the payment option and press the **Pay** button, your buyers are redirected to PayPal and the Website Payments HTML code will be sent to PayPal through HTTPS POST.

PayPal Processes Payment

After PayPal processes the payment, an interstitial page is shown, such as the one below. If you have Auto Return enabled, your buyers are redirected back to your website via HTTPS GET:

FIGURE 3.1 Interstitial Page

Otherwise, if you do not have Auto Return enabled, your buyers are shown a receipt page and they must click a button to return to your website.

After the Transaction

After your buyers' payments are completed, you can use PayPal features to do such actions as access detailed transaction information and process refunds.

Display a Custom Receipt Page

Activate Payment Data Transfer to retrieve transaction details and display a customized receipt page to your buyers to confirm that the order has been completed. For more information about Payment Data Transfer, see the *Order Management Integration Guide*.

View and Analyze Your Transaction History

Use PayPal's Downloadable History Log to efficiently track, sort and print transactions from your PayPal account. For more information about the Downloadable History Log, refer to the *Order Management Integration Guide*.

Process Refunds

In the event that a refund or partial refund needs to be made, you can either:

1. Use the RefundTransaction API to immediately refund your buyer's payment. For more information on the RefundTransaction API, see the *Web Services API Reference Guide*.

2. Issue a refund from the PayPal website from the Transaction Details page of your account history. For more information about processing refunds, see "Processing Refunds" in the *PayPal as an Additional Payment Option: Standard Checkout Integration Guide*.

NOTE: The default refund period for seller-initated refunds is 60 days from the date of payment completion.