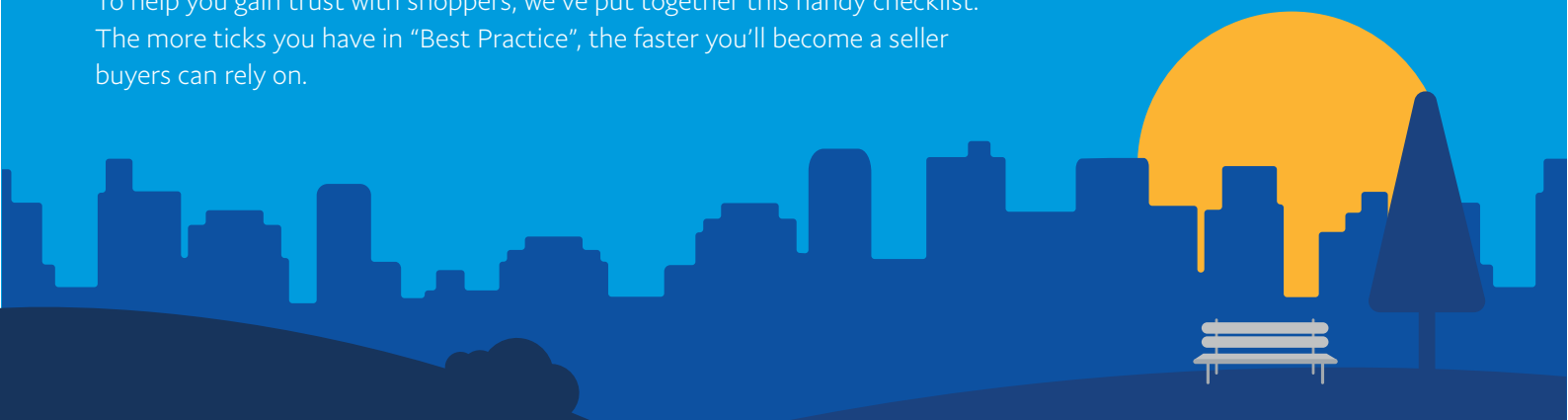


# PayPal Online Sellers Best Practice Guide



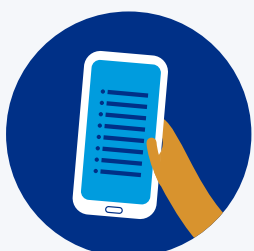
If you follow a few simple steps early in your eCommerce business, you can build credibility as a seller in less time than you think.

To help you gain trust with shoppers, we've put together this handy checklist. The more ticks you have in "Best Practice", the faster you'll become a seller buyers can rely on.



	<b>Best Practices</b> <b>Preferential Risk Treatment</b> <i>for merchants meeting the below criteria in addition to providing the mandatory information</i>	<b>Good Practices</b> <b>Standard Risk Treatment</b> <i>for merchants providing the below mandatory information</i>	<b>Bad Practices</b> <b>Strict Risk Treatment</b> <i>for merchants with at least one of the below characteristics (non-exhaustive list)</i>
<b>Financial Performance</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Able to demonstrate profitability with sustainable growth (e.g. net margin greater than 10%)</li> <li><input type="checkbox"/> Strong cash position (equivalent to 1 month expected total payments volume via bank statements)</li> <li><input type="checkbox"/> Past 6 months processing statements (with same level processing volume) and reserve settings (if currently using another payment provider)</li> <li><input type="checkbox"/> Significant capital/investment from shareholder</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Past 2 years financial statements (or equivalent; e.g. Shopify "OrderMetrics" plugin)</li> <li><input type="checkbox"/> Past 3 months bank statements</li> <li><input type="checkbox"/> Previous processing statements and reserve settings (if currently using another payment provider)</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> No financial or bank statements provided</li> <li><input type="checkbox"/> Weak liquidity position (less than 1 month expected total payments volume)</li> <li><input type="checkbox"/> Negligible capital</li> </ul>
<b>Business Model</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Optimized marketing cost &lt; 40% of revenue and payment through PayPal</li> <li><input type="checkbox"/> Dedicated Customer Service in place with sufficient capacity against sales volume</li> <li><input type="checkbox"/> Prompt response on open dispute cases</li> <li><input type="checkbox"/> Well-structured group with no linked accounts</li> <li><input type="checkbox"/> Same selling URLs with built up reputation/branding</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Reasonable marketing cost between 40% and 60% of revenue</li> <li><input type="checkbox"/> Customer service team in place to address buyer's queries</li> <li><input type="checkbox"/> Well-structured group with limited accounts under one MOR</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Marketing cost &gt; 80% of revenue</li> <li><input type="checkbox"/> No customer service available</li> <li><input type="checkbox"/> High number of open claims/dispute cases</li> <li><input type="checkbox"/> Individual business or unknown type of entity</li> <li><input type="checkbox"/> Known linked accounts with fulfilment issues</li> <li><input type="checkbox"/> Multiple linked accounts with no clear purpose)</li> <li><input type="checkbox"/> Constantly switching URLs with bad reputation</li> </ul>

	Best Practices	Good Practices	Bad Practices
<b>Web Description</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Fair statement of product functionality</li> <li><input type="checkbox"/> Conservative delivery time commitment</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Fair statement of delivery time</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Over statement of product functionality</li> <li><input type="checkbox"/> Overstated fast shipping where most shipping unable to meet announced delivery timeframe</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Good quality suppliers with proven relationship (invoices, agreement, contracts provided)</li> <li><input type="checkbox"/> High rated Alibaba/1688 suppliers (i.e. AAA), Amazon suppliers</li> <li><input type="checkbox"/> Highly reputable suppliers with proof of warehousing / inventory guarantee</li> <li><input type="checkbox"/> High % of supply cost paid via PayPal platform</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Agreements / contracts and invoices signed with suppliers</li> <li><input type="checkbox"/> Acceptable rating for Alibaba/1688 suppliers (i.e. A)</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> No supplier relationship (no valid invoices, agreement, contracts provided)</li> <li><input type="checkbox"/> Suppliers with poor ratings or no contact information</li> <li><input type="checkbox"/> Supplier with known fulfillment problem</li> </ul>
<b>Shipping</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Complete Shipping API Integration with: <ul style="list-style-type: none"> <li><input type="checkbox"/> Shipping Rate &gt; 90% within 7 days from transaction date AND,</li> <li><input type="checkbox"/> Valid tracking ID showing goods shipped out from warehouse</li> </ul> </li> <li><input type="checkbox"/> Delivery timeframe (processing shipping time) less than 20 days</li> <li><input type="checkbox"/> Reliable courier provider such as DHL, FedEx, USPS</li> <li><input type="checkbox"/> Contracts with reliable shipping agencies</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Complete Shipping API Integration with: <ul style="list-style-type: none"> <li><input type="checkbox"/> Shipping Rate &gt; 90% within 14 days from transaction date AND,</li> <li><input type="checkbox"/> Valid tracking ID showing goods shipped</li> </ul> </li> <li><input type="checkbox"/> Valid tracking ID with end to end tracking</li> <li><input type="checkbox"/> Delivery timeframe between 20 to 30 days</li> <li><input type="checkbox"/> Reliable courier provider such as EMS</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Incomplete Shipping API Integration with shipping rate below 50% (for 14 days)</li> <li><input type="checkbox"/> No Shipping API integration</li> <li><input type="checkbox"/> Invalid tracking ID</li> <li><input type="checkbox"/> Courier with no end to end tracking</li> <li><input type="checkbox"/> Delivery timeframe more than 30 days</li> <li><input type="checkbox"/> Local shipping agencies with poor track record</li> </ul>
<b>Product</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Robust quality assurance process in place</li> <li><input type="checkbox"/> Product vertical with previous trading experience</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Basic quality check on the product</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> No control or visibility over product quality</li> <li><input type="checkbox"/> Constantly changing Hot Items with unstable supplier</li> <li><input type="checkbox"/> Average Selling Price &gt; US\$500</li> </ul>
<b>Risk Metrics</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Monthly chargebacks + Claims &lt; 1.0%</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Monthly chargebacks + Claims &lt; 2.5% (Where chargeback alone must be below 1.0%)</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Monthly chargebacks &gt; 1% or,</li> <li><input type="checkbox"/> Monthly claims &gt; 3%</li> </ul>



## Did you know?

PayPal might occasionally review your business under risk review. As part of this process, you will be asked to submit documents outlined above to help us understand whether you are a credible seller. You can also proactively upload these statements if preferred and these can be picked up during any risk review. It is therefore important that you work towards "Best Practice" to avoid any unwanted delays in payments or release of funds.