

The background of the slide features a large, stylized globe in the center. Overlaid on the globe are several icons representing different payment methods: a credit card with the number '1234 5678 1234 5678' and the text 'M. CARDHOLDER' on it, a stack of US dollar bills, a check, and a shopping cart. A large, bold 'PayPal' logo is positioned in the upper left quadrant of the globe. A curved, light-grey ribbon or swoosh graphic sweeps from the top left towards the bottom right, passing behind the globe and the icons.

PayPal

Overview of the market for innovative payments

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Agenda – let's try to find some answers

- Why are new forms of payment necessary and will emerge?
- Which new payment tools are on the market?
- What works – what doesn't?
- What should you do?
- Can PayPal help you in that?

Why are new forms of payment necessary and will emerge?

- Evolution of payment technologies follows evolution of communication technology.
- Currently there is a big need for new forms of convenient payment
 - Security issues
 - New applications
 - E-commerce
 - M-Commerce
 - EBPP
 - Teleshopping
 - ...
- However, the market is in an embryonic state and uncertainty is very high.

Which new payment tools are on the market (or already gone again)?

- Improved credit card authentication and authorization, e.g. SET, 3D-secure
- Chip cards, e.g. Mondex, Amex Blue,
- Virtual Money, e.g. Cybercash, Dicicash
- Internet wallet systems, e.g. PayPal and copycats
- Mobile phone payment solutions
 - with premium SMS
 - as wallet systems, e.g. M-Pay, SIMPAY, paybox

Payment tool examples

	 BT / Firstgate	Premium SMS	 Simpay	 PayPal
1. Type	Internet Content Billing	Internet & Mobile Content Billing	mPayment	Internet Wallet
2. Description	Payment by user name & PW. Aggregation of small payments on cards or bank accounts	User send special price SMS and gets access to content. Payment via phone bill.	User pays with his phone ID and PIN. Flexible billing on phone bill or CC/Bank	Email address and PW connected to various CC/DD/Bank funding methods.
3. Price	10-60% (Generally in the range of premium SMS)	30-70%	???	0.30 \$ per TRX. + 2.2-3.4%
4. PROs	Easy to use system tailored at content billing.	No registration	Only limited registration required and broad functions planned.	The only viable system with > 30 M users and >10B\$ payment volume.
5. CONs	Users have to register and forget name & PW	Clumsy and expensive	When will it come and will it hold the promises?	Limited language coverage and not yet tailored at Micropayments.

What works – what doesn't?

- Market entry and penetration is extremely difficult
- Therefore there are clear guidelines for new systems to succeed:
 - No money re-invention, but use of existing means of payment
 - No new 'technology' with hardware or software and no installation process to users
 - Try to keep registration processes to a minimum
 - Ease-of use and minimal learning for users
 - Broad area of usage from day one
 - Access to 'killer application' or existing customer base of major industry players required
- Only PayPal and phone based tools (900 numbers, premium SMS) have managed successful market entry so far

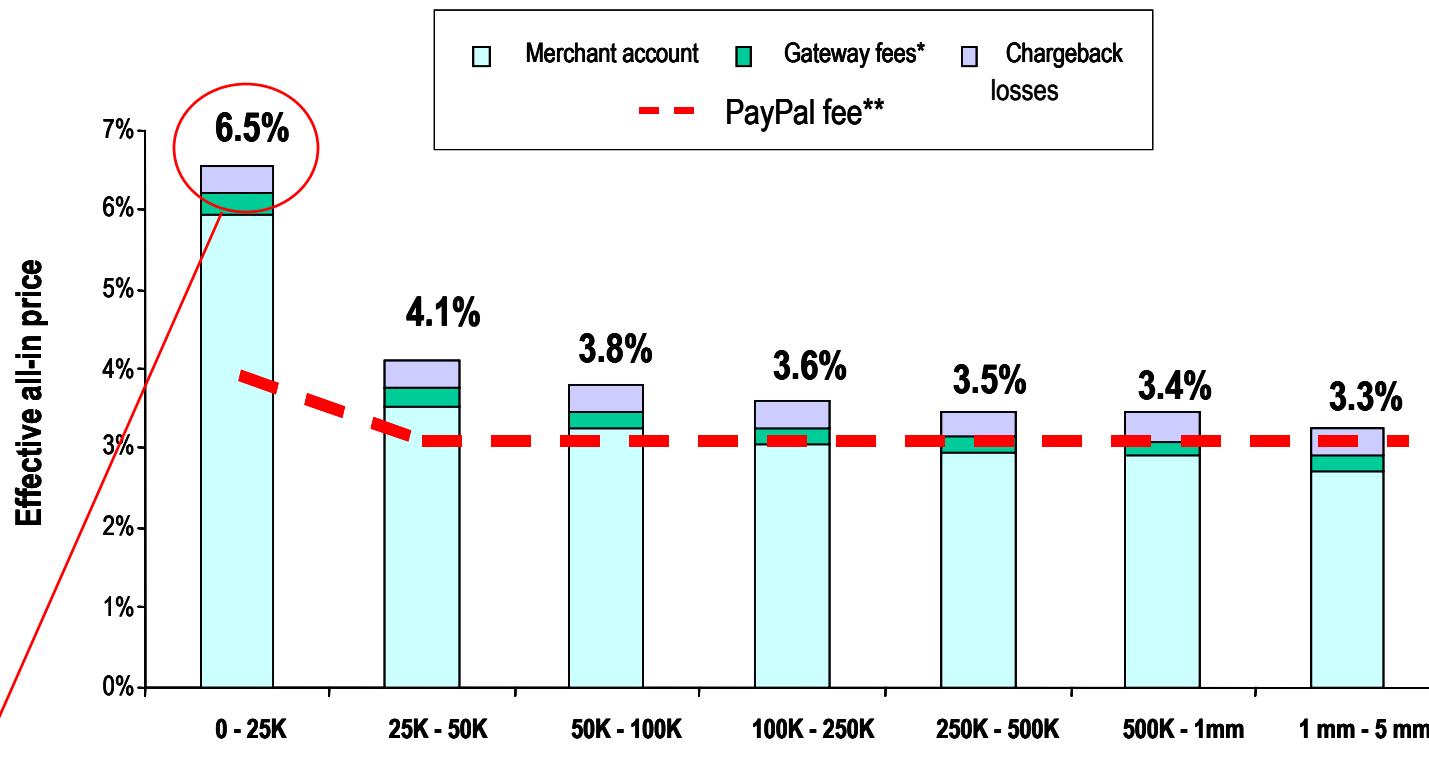
What should you do?

- The situation remains uncertain and Premium SMS and PayPal are limited in their application areas or geographic reach
- Industry consortiums should team-up to limit risk and achieve maximum reach
 - Create one joint platform for everyone
 - Only one interface to this platform without any future changes
 - Integrate as many new forms of payment as possible on the joint platform
 - Support tools with positive development and drop others
- Overall, you can participate in the development of standards, while hedging your bets on multiple suppliers

Can PayPal help you in that?

- Where PayPal is available, it certainly can help!
- PayPal has 38 million registered accounts and is available in 38 countries.
- PayPal supports payments in U.S. Dollars, Canadian Dollars, Euros, Pounds Sterling and Japanese Yen.
- New languages will be added soon.
- PayPal is the safest way to pay online and maintains one of the lowest fraud loss rates
- eBay acquired PayPal in October, 2002 and PayPal is growing fast
 - PayPal's total payment volume in Q3 - '03 was \$3.0 billion.
 - PayPal processes \$390 in transactions every second.

PayPal is particularly suitable for low value transactions



PayPal's pricing is superior for low volume merchants