

**PayPal, Inc. Response to Rep. Cardenas' Questions for the Record**  
**Hearing before the U.S. House Energy and Commerce**  
**Subcommittee on Commerce, Manufacturing, and Trade**  
**"Disrupter Series: Mobile Payments"**  
**December 1, 2015**

1. What happens if a transaction doesn't go through – for instance, if the consumer uses a mobile device to pay at a parking meter and the payment doesn't go through for some reason, what is the consumer's recourse for the resulting ticket?

The consumer protection for mobile payment methods is the same whether a transaction takes place by mobile device, by a non-mobile computer, or by plastic card. PayPal provides additional consumer protection measures, along with real-time notification when a transaction is completed.

Mobile devices are just a communication channel for existing payment methods, which include credit cards, debit cards, prepaid cards, direct debit to a bank account (ACH) and mobile billing. (I should note that despite the use of the term "mobile" billing, this can be used for purchases on a non-mobile computer from the limited number of merchants who accept this method, or possibly even in person).

The consumer protections required by law are different depending on payment method facilitated by a mobile device, with credit cards having the most protection, and mobile billing having the least clear consumer protection. Further, these differences have existed for many years, long before the popularity of smart phones.

However, programs such as PayPal Buyer Protection have made those differences less meaningful, since we offer the same purchase protection regardless of payment method.

In response to your specific example, the advantages of mobile devices are the real-time notification. The customer will get a notice if the transaction went through, so if they don't get a notice they can assume something went wrong (and of course, if available, they can also look at the parking meter to check that they were credited with the right amount of time).

2. What if a consumer is charged the wrong amount?

If a consumer is charged the wrong amount, she has Error Resolution rights that are essentially the same for credit cards, debit cards, and ACH under Regulation E and Regulation Z. This means that the consumer is entitled to [explain]. Furthermore, these Error Resolution rights are the same whether the transaction is initiated by a mobile device, a credit card, written instruction to the merchant, or any other access device. The device on which the consumer makes the purchase does not change their rights under existing law.

3. Currently credit cards charge merchants a fee for the transaction. How will fees be determined with mobile pay? Who pays the fee in a charitable giving situation?

In most cases, including at PayPal, the fees to the merchant for a mobile payment are the same as the fees for any other E-commerce or Card Not Present payment. Other services may charge an extra fee to the bank, but not to the merchant. For donations to charities, many merchant processors (including PayPal) have a special reduced rate for registered 501(c)(3) charities. The charity, not the donor, pays the fee but some charities ask donors to "top up" their donation to cover payment processing and other overhead costs.