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By: Alina Plesu, Technology and Science Editor



[Gartner About PayPal's Micropayments](#)

A sound business decision

According to Gartner, PayPal's move into the micropayment market was a sound business decision, and one that is likely to lead to market domination. PayPal announced new micropayments processing fees for digital goods. The new pricing will provide merchants with a more affordable way to process payments for low-cost digital content such as video games, online greeting cards, news articles, mobile phone content and digital music. PayPal's micropayments pricing is designed to give customers the convenience of a-la-carte purchases, such as 99-cent downloadable ringtones, without having to sign up for annual subscriptions or pre-funded payment accounts. An extension of PayPal's existing payment service for digital music providers, PayPal's new micropayments pricing is designed especially for payments less than \$2. The new fees will enable merchants to process payments at a rate of 5 percent plus 5 cents per transaction. Because of the reduced fixed fee, merchants can save 40 to 60 percent when processing low-cost payments, compared to the industry's current payment processing rates of approximately 2 percent plus 20 to 30 cents per transaction. Gartner's analyst, Avivah Litan, also considers that the move of PayPal to micropayments was simply a matter of changing PayPal's pricing model. The Gartner's recommendations are Vendors in the micropayment market: Offer value beyond payment processing to compete with PayPal. (For example, a vendor serving the vending machine market could also manage vending machine maintenance and inventory.) Banks, card issuers and other vendors: Consider reselling PayPal payments to merchant customers, instead of devising ways to compete with PayPal. This week, Softpedia News enters the Battle of Browsers. Which do you think is the best browser? [Vote for your favorite browser.](#)