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Using Paypal As E-Payment In The International Payment System

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Abstract

Paypal is an electronic payment system service in the form of an online account that can transfer money using electronic mail. Paypal as an electronic payment system can be used as an international payment system for business actors and consumers in the process of trade transactions between countries. This study aims to conduct an assessment of the use of paypal as an e-payment in international payment systems. The method used in this research is in the form of qualitative content analysis. This research process begins by collecting data from various data sources such as Google Scholar, ScienceDirect and various other sources that are able to support this research. After the data sources have been collected, we determine some of the main themes that will be discussed in this journal. Based on the data sources that have been collected, it can be seen that Paypal as a platform with an electronic payment system is one of the companies that is able to dominate the market through the international online payment system. The presence of Paypal is able to answer concerns for consumers and merchants regarding shipping, duties and taxes, and guarantees about safe payment methods and protection for international trade transactions and become an accessible and inexpensive cash management infrastructure for small companies that allows the commercialization of products globally quickly and efficiently.

Keywords: Paypal, Electronic Payment, International Trade, International Payment System

JEL Classification : F13, G15, G23

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Introduction

All activities in the world of trade and industry are currently growing rapidly, this development is supported by progress in economic growth. The rapid growth of this trade activity is not only in the national scope but also in the international scope (Sasongko et al., 2021). This can be seen from the increasing variety of products and services that flood the trade market so that the products offered are also more varied. This condition is also offset by the rapid growth of information technology or telecommunications as a means of supporting business transactions through the online market, such as e-commerce which is used in conducting online buying and selling transactions (Chapuzet & Bawono, 2021).

In connection with advances in information and technology as well as the transaction system used, payment instruments have also experienced rapid development. These increasingly diverse payment instruments provide many alternatives for business actors and consumers in choosing a variety of payment mechanisms according to user preferences which are considered effective, safest, reliable, and also fast in buying and selling transactions. PayPal is one of the most widely used payment system services by the community because it is considered to make it easier for sellers and buyers in payment transactions. PayPal is defined as a payment system via electronic mail that has advantages in terms of providing money transfer services without any limitations or time. In this case, PayPal acts as a third medium that has a function as a means of payment in online buying and selling transactions (Darajat, 2014). Karismariyanti (2014), in her research stated that Amazon.com released PayPal in 1998 which serves to make it easier for consumers to spend money online without being afraid of the risk of piracy of credit card numbers.

Electronic payment or what is familiarly called e-payment increases payment efficiency because e-payment will reduce transaction costs and can also increase convenience and security in payments that can be seen more efficiently/practically in transaction activities using various connected tools with a global network. In B2C application services, e-payments are used to transfer money electronically between parties involved, such as transfers from consumers to sellers (B2C) or between personnel (Peer to Peer or P2P). In electronic payment systems, money will be stored, then processed, then received in the form of digital information with a transfer process that is initialized using electronic payment instruments (Priyanto et al., 2021).

Literature Review

In everyday life, trading activities have become part of activities by every human being in fulfilling their daily needs, from simple trading activities between individuals to the passage of time, the increasingly diverse needs of life encourage trade activities in a wider scope, namely between nations. Trading activities between two countries or more are known as international trade, which is an activity that occurs from an agreement between the two parties in carrying out exchanging activities both goods and services based on a voluntary desire or will in other words there is an element of freedom in the national interest of a country (Prasetia, 2012).

In general, international trade occurs due to price differences in each country. This difference is the basis of international trade. The price itself is determined by production costs which include capital, wages, land rent, efficiency in the production process, and the cost of raw materials or raw materials. From one country to another, there are differences in the production costs of a type

of goods produced. This is due to differences in the types, quantities, and ways of combining inputs in the production process. The demand for an item is highly dependent on the role of taste in a country. If the supply of a product or goods owned by that country is not able to meet the demand in that country, import is an option for a country in meeting the supply of an item even though the country can produce the goods and part of its population. have a taste by preferring products from other countries/overseas. The relationship between a country's income and a country's import activities is very closely related. If there is an increase in a country's income, it will encourage import activities (Radifan, 2014).

In international trade, it is closely related to the various types and terms of payment, according to the agreement and conditions between the buyer and seller. However, in general, the payment method is defined as the stipulation of guarantees for exporters before the loss of control of the goods. Many payment methods in international trade both traditional and modern payment methods involve technology in facilitating transactions between sellers and buyers (Susmus & Baslangic, 2015). From a technological perspective, digital payment methods refer to services that use mobile devices to pay for digital and physical goods without the need for cash, checks, or credit cards (Liao & Yang, 2020). Paypal is one of the options in the payment system in international trade transactions and has been connected to thousands of markets spread all over the world. This digital payment platform combines technological aspects with strategic partnerships that make it easy to manage and send money both domestically and between countries (Preibusch et al., 2016).

Methodology

Sources and Data Collection

This journal aims to examine the use of the Paypal payment system in international payment activities used in various countries. In the process of compiling this journal, we carried out data collection activities from various data sources that were used as references such as Google Scholar, ScienceDirect, Sci-Hub and so on. Through collecting data from various journal reference sources, we use the method of literature review and content analysis in reviewing the use of the Paypal payment system in international payments. This research is included in the form of qualitative research that uses descriptive research results and the results of research conducted by other researchers as a reference.

Thematic Analysis

In this study, we conducted several studies ranging from the use of Paypal as an electronic payment system, the use of Paypal in international payment systems, and PayPal's protection of business actors and consumers in processing international trade transactions. Paypal services can be used as a payment system used by consumers and business actors in supporting trade transactions between a country or between countries. From our preliminary study, there are main themes that we use in understanding the use of Paypal as an e-payment in international payment systems:

1. Use of Paypal as an Electronic Payment System
2. Use of Paypal in International Payment Systems

3. Paypal Protection for Business Actors and Consumers in the Process of International Trade Transactions

Each of the themes that have been presented will be reviewed and developed based on the data sources we collect from several references that we got in the process of compiling this journal.

Results and Discussion

Technological advancements have ushered in a new era for merchants and buyers, making shopping between countries easier and opening up new opportunities for consumers to do business with merchants large and small around the world (Jenkinson, 2015). In the rapidly growing international business due to the growth of internet penetration, especially with mobile internet applications, secure payments are very important supported by the internet for both retail and wholesale businesses. Now there are many payment methods. In the B2B model, payments are usually settled by credit card and bank transfer. In the B2C model, 3rd party payments are widely (Xiong et al., 2016).

Paypal is an electronic payment system that transfers regular transactions, such as money transfers and checks from time to time. When someone has PayPal service, they have an online account that can be used to buy goods and receive money from someone or someone who has a PayPal account or credit card. Paypal Inc. Is a company that provides money transfer services via email, replacing the old method that still uses paper-based media, such as postal money orders and checks. This PayPal service is designed for businesses that need to speed up payments in their transactions PayPal as the most widespread online payment platform worldwide accepts foreign trade funds quickly and conveniently and traces the capital process (Preibusch et al., 2016).

Paypal was created to answer some of the challenges that consumers and merchants experience in transacting by developing a series of initiatives that can have an impact on the growth of transactions and payment volumes. Consumers who make cross-border trade transactions/purchases continue to grow. The existence of the Paypal payment platform also addresses the concerns of consumers and merchants such as international consumers who are concerned about shipping, duties and taxes, and need assurances about secure payment methods and merchants interested in selling internationally. Some see fast growing demand but need to learn more about potential export markets and feel they have not invested in this area. From an export perspective, online shopping is carried out across national (international) borders (Jenkinson, 2015).

At the same time, PayPal's global payment system provides small businesses with an accessible and cost-effective cash management infrastructure that enables rapid global commercialization of products. The products most sought after in international business will vary from country to country (Müllner & Filatotchev, 2018). PayPal is a payment system that can support business actors/sellers with buyers/consumers in conducting business transactions. Paypal is a third party that acts as a payer in the online buying and selling process between consumers and business actors as parties with debit cards, the balance of payments accounts, bank accounts, and credit cards. The agreement on the price of services or goods is determined between the two parties, namely business actors and buyers in this transaction process. This Paypal service is responsible

for strengthening that both parties have the reliability and capacity to match their capacities, so that the e-commerce process can be carried out properly and safely. PayPal grants the right to businesses and consumers to agree to their terms of sale/purchase based on the principle of freedom of contract. However, care needs to be taken to fulfill the side of the bargain once an agreement is reached between the two parties. PayPal plays the role of an intermediary in these transactions, serving as a payment system and an access provider. PayPal does not have the right to interfere in the free market but will ensure the performance between business people and consumers through the collection of data on the process of transferring funds through PayPal and sending products/goods (Darajat, 2014).

Conclusion

Paypal is an electronic payment system for the activities of transferring regular transactions, such as money transfers and checks from time to time. In international payment systems, the use of Paypal is able to overcome the problems faced by consumers and merchants such as international consumers will create barriers in duties, shipping, and taxes, as well as convince customers about safe payment methods and attract merchants to expand business transactions of goods or services internationally. A global serviced payment system through PayPal, providing small companies an accessible and inexpensive cash management infrastructure that enables rapid global commercialization of products. In minimizing various problems that arise in the international payment process, there is protection for business actors and consumers in the form of policies to give the right to business actors and consumers to agree to their buying/selling terms based on the principle of freedom of contract. In the Paypal service, there is also PayPal Seller Protection which provides protection for business actors for claims arising from unauthorized transactions or unacceptable products.

Limitations

This study has limitations that are set in assessing the use of Paypal as an e-payment in international payment systems. This research only covers the use of Paypal as an electronic payment in an international payment system through a thorough literature study.

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