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# PayPal

American company

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**PayPal**, American [e-commerce company](#) formed in March 2000 that specializes in [Internet](#) money transfers. It was heavily used by the Internet [auction](#) company [eBay](#), which owned PayPal from 2002 to 2015. Paypal was the product of a merger between X.com and Confinity, and it allowed users to make payments on purchased goods or exchange money between accounts in a secure online transaction.

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After watching PayPal become the premier choice of Internet auction shoppers, online marketplace giant eBay acquired PayPal for \$1.5 billion in October 2002. The company offers users the ability to link their PayPal accounts to their own bank accounts, making transfers and payments more efficient than money orders or checks. Fees are collected by eBay on certain transactions and are determined based on the amount of the transaction, the nature of the transaction, and the currency type of the transaction. In 2015 PayPal was spun off into an independent company, but it continued to be used by eBay.

A sophisticated series of security advancements helped PayPal remain a respected company in terms of [identity theft](#) prevention. The company [implemented](#) superior anti-phishing and anti-hacking measures, and it developed a portable “key” device that requires manual activation before a transfer from a PayPal account is processed. PayPal allows consumers to contest and request a refund in transactions where they have been misled or cheated. Additionally, PayPal offers a type of limited protection for sellers and includes a system that deactivates accounts when suspicious or excessive activity is observed.

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## PayPal

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