

Roy, Lauren

From: Blanch, Belinda on behalf of Adjudication
Sent: Monday, 21 April 2008 11:20 AM
To: Chisholm, Shane; Roy, Lauren
Subject: FW: Public submission regarding notification N93365. [SEC=UNCLASSIFIED]

Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

-----Original Message-----

From: James Mitchell
Sent: Friday, 18 April 2008 11:26 PM
To: Roy, Lauren; Adjudication
Subject: Public submission regarding notification N93365.

**EXCLUDED FROM
PUBLIC REGISTER**

Dear Sir or Madam,

I would like to make a public submission on notification N93365. I am a customer of both eBay and PayPal and would like to identify as an interested party. I would also like to be informed of the progress of the ACCC's assessment.

It is clear that eBay holds the dominant position in the online auction market in Australia. There are many people who are dependent on online auctions for a portion of their income and are thus dependent on eBay. Allowing eBay to force all electronic payment transactions to be conducted through PayPal will impose a significant cost on eBay sellers and provide substantial income to PayPal. There should be clear evidence of public benefit if third-party forcing is to be allowed in this case.

It is proposed that transactions conducted through PayPal are less subject to fraud than is generally the case with eBay transactions. This is certainly not the case with small value transactions, which compose a substantial portion of the online auctions. Where a buyer declines to pay for registered mail or tracking of a small value item, it is trivial to defraud the seller provided the transaction is conducted through PayPal. I have experienced this personally where a buyer declined to pay for registered mail and then claimed that a small item did not arrive. PayPal reversed the payment despite the buyer having made the same claim in transactions with several other sellers. There is only one opportunity to submit information in such a dispute and no avenue of appeal. Thus PayPal actually promotes fraud in small transactions.

It might be argued that "market forces" will fix this problem. Sellers could insist on registered mail, though it would make small auctions unviable. The larger amount of money transacted would of course produce greater revenue for PayPal as well.

If PayPal has dramatic advantages for either buyers or sellers such as by preventing fraud, then it should be able to achieve a strong market position through competition alone. It is very successful in the United States where very few banks provide the service of transferring money to others' accounts. There it provides a valuable service. In Australia, where all the major banks provide the means to transfer money securely it has naturally struggled. The solution is for PayPal to reduce its fees to the point where they balance its security advantages as perceived by the market. Then it will gain market share and consumers will benefit through the more reasonable transaction costs. Surely that is the essence of the benefits of competition.

If the ACCC allows this proposal to proceed it will result in loss of choice to consumers, lack of competition and increased costs without clearly proven benefits.

Yours faithfully,
James Mitchell.

--
**EXCLUDED FROM
PUBLIC REGISTER**