

Roy, Lauren

From: Blanch, Belinda on behalf of Adjudication
Sent: Thursday, 17 April 2008 1:27 PM
To: Chisholm, Shane; Roy, Lauren
Subject: FW: eBay International AG exclusive dealing notification N93365
 [SEC=UNOFFICIAL] [SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

From: [REDACTED]
Sent: Thursday, 17 April 2008 11:47 AM
To: Adjudication
Subject: eBay International AG exclusive dealing notification N93365 [SEC=UNOFFICIAL]

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 PUBLIC REGISTER**

Dear Sir/Madam,

I wish to make a submission to the ACCC in regard to the above referenced exclusive dealing notification.

On 21 May 2008, eBay initially seeks to introduce a requirement upon sellers of goods on their site that mandates them to accepting Paypal as a payment form, along with other payment forms that the seller will also accept. Shortly thereafter on 17 June 2008, eBay proposes to further mandate sellers to ONLY accept the following payment types:

1. Payment by Paypal - an online payment system which is wholly owned by eBay, and a payment form for which eBay receives fees for - primarily from sellers which choose to accept this payment form; and
2. Payment on pick-up (POP) - a system whereby the buyer pays for the goods they have purchased, if the buyer chooses to (and the seller allows) pick the goods up from the seller.

The exclusive dealing notification as proposed by eBay will be detrimental to most users of the eBay service, in the following ways:

- It imposes payment forms on both the seller and the buyer which may not be wanted, convenient, affordable or appropriate in some circumstances;
- The primary payment form proposed (Paypal) is a wholly owned subsidiary of eBay. eBay stands to massively increase its revenue from their proposal to restrict payment forms;
- Sellers will primarily 'wear' the fees charged for having to accept Paypal as a payment form;
- Sellers will need to factor Paypal fees into their sale listings - therefore artificially raising the price buyers pay for the item;
- Alternatively, if buyers are restricted to effectively one payment form, they may choose not to purchase goods;
- Argument from eBay that an alternative payment form (POP) is available are largely baseless. The reality for most sellers is that buyers are rarely located to avail themselves of a pick-up opportunity;
- Buyers generally like the convenience of articles being sent to them, rather than having to pick them up - which is why they are hopping online in the first place!
- Sellers may not wish buyers coming to their home or other address to pick-up those goods;
- eBay has a near-monopoly on the online auction marketplace in Australia. That is, there is no realistic competitor which buyers and sellers can take their business to;
- By effectively limiting payment forms to just Paypal, eBay/Paypal, will automatically 'inserts' themselves

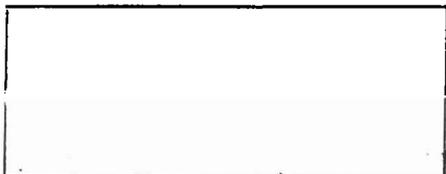
as the financial intermediary in eBay transactions. This is somewhat contrary to the assertions in their submission to the ACCC, which states - "eBay is not a party to the transactions that take place between buyers and sellers, does not act as a representative of either party and does not at any time hold possession of or have the opportunity to inspect the goods sold on its website." If eBay is not a party to the transactions, why does it seek to impose restrictions on how those transactions take place? Currently, sellers have a choice of several payment forms that they are able to accept from buyers, including: cash, money orders, electronic bank deposits and Paypal or other electronic payment methods. This choice offers flexibility and convenience to both the seller and the buyer - the two parties concerned with the transaction. If a seller is offers a payment form that the buyer is not happy with, the buyer can choose from another offered by the seller, or simply choose not to buy from that seller.

eBay's asserts that their intention to limit payment types to their own payment product, is in the interests of user security. However my opinion is it is simply to expand their revenue. Have eBay actually asked their user-base what payment systems they would prefer? - not to my knowledge!

In summary, eBay's action to limit accepted payment forms to effectively one form - their own system - is anti-competitive in the extreme. It is also self-serving in that it promotes their own business (Paypal) and does not allow buyers and sellers to use a competing payment product. I therefore request that the ACCC considers my views, and the many others that would argue similarly, in reaching a conclusion on whether eBay should be allowed to introduce their intended payment structure.

Regards,

Ian Burns



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