

Roy, Lauren

Subject: FW: RE: eBay International A.G. notification N93365 - Public Submission

From: John Poynton [mailto:]

Sent: Tuesday, 22 April 2008 8:59 PM

To: Adjudication

Cc: Roy, Lauren

Subject: RE: eBay International A.G. notification N93365 - Public Submission

**EXCLUDED FROM
PUBLIC REGISTER**

Tuesday, April 22, 2008

Lauren Roy
Adjudication
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

eBay International AG – Exclusive Dealing Notification - N93365

Thank you for the opportunity to make comment on eBay International's exclusive dealing notification and its likely effect on competition and public detriment.

We have been transacting via eBay since July 2001 with over 19,000 successful sales to Australian and International buyers. During this time, we have accepted a variety of payment methods: Bank Deposit, Money Order or Cash, PayPal, Paymate and Cash on Pickup, and can categorically state that, in our experience, the method of payment has no relation to the incidence of sale disputes. We can however confirm that the payment method that most disadvantages us as a seller is PayPal.

There are a number of reasons:

- a. PayPal charges sellers a fee of 2.4% + \$0.30 on all money received (including postage costs). This is in addition to fees levied by eBay themselves. This adds a financial burden not incurred with the other payment options.
- b. PayPal are difficult to communicate with. They do not advertise a presence in Australia and offer only an 1800 number. Complaints sent to PayPal are met with automated email responses; often the response has nothing to do with the complaint!
- c. PayPal are renowned for being actively targeted by online fraudsters. Phishing emails, whereby parties gain access to a user's account by tricking them into revealing sensitive information, are common, hence many users refuse to use the service. PayPal's systems in the past have been subject to faults resulting in a number of dissatisfied users who attest to the pitfalls of trusting the service.
- d. PayPal Inc. is an unregulated entity (in Australia) where sellers funds are held without guarantee, if the company fails with substantial debts owing to other related companies, sellers funds may be forfeit to meet those debts.
- e. In signing up for PayPal, users must agree to terms and conditions which effectively ensure they have

virtually no legal redress regardless of any change or failure of service on PayPal's part.

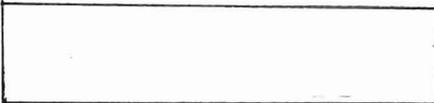
eBay have predicated safety as their raison d'être for change – but the truth is other payment methods offer both buyers and sellers a secure transaction without the additional costs of including a third-party (PayPal). Using Bank Deposit, as an example, does not involve the buyer revealing any sensitive data, does not incur additional cost to either party and can easily be monitored by either party by contacting their financial institution – not so with PayPal.

Of particular concern is the likely effect on other payment processors currently servicing the Australian online marketplace. One prime example being Paymate, an Australian owned and operated service that was originally promoted by eBay, but discarded once PayPal became a subsidiary. Paymate offers all of the security that eBay is touting as being exclusive to PayPal, and has the added advantage of a readily accessible Australian office (rather than a 1800 call centre). Having an open market will also encourage further security enhancements to be developed by other providers - less likely with a corporate monopoly.

In closing, if parties transacting via eBay would like to make use of the PayPal payment system, they are able to choose to do so. Making it a compulsory part of every transaction only stifles competition, removes choice and generates further income for eBay International AG (which of course, would appear to be the sole purpose for this proposed change in the first place). Filling the eBay coffers does nothing to benefit the Australian public and could, in fact, be detrimental to the growth of the Australian online community.

Regards

John Poynton



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