

Roy, Lauren

From: Petreski, Sonya on behalf of Adjudication
Sent: Tuesday, 22 April 2008 2:46 PM
To: Chisholm, Shane; Roy, Lauren
Subject: FW: Submission regarding eBay's Paypal-only payment Monopoly [SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

From: Shirley Bendle [mailto:
Sent: Tuesday, 22 April 2008 1:35 PM
To: Adjudication
Subject: Submission regarding eBay's Paypal-only payment Monopoly

**EXCLUDED FROM
PUBLIC REGISTER**

Dear Sir/Madam

I'm writing to protest against eBay's submission to be exempt from Australian Trade/Consumer laws. Ebay is attempting to implement a compulsory Paypal-only payment policy; Paypal is a financial company owned by eBay, and by implementing this policy, eBay would be forcing all Australian eBay sellers to offer no other payment options except Paypal for their auctions.

I imagine from all the correspondence you've received that you are aware of the public furor raised by the vast majority of eBay members across Australia, and indeed, worldwide as word of this policy spreads, and that no-one will benefit from this policy aside from eBay itself, and that the remainder of the population, both general and business sectors, will be considerably disadvantaged as a result.

I would like to bring to your attention some contradictory claims by eBay regarding this issue, which also demonstrates the policy is NOT being implemented for "safety" purposes as eBay claims.

Quoted from Paypal's own Product Disclosure statement:

PRODUCT DISCLOSURE STATEMENT FOR PAYPAL'S ONLINE PAYMENT SERVICE

Dated: 27 March 2008

9. Risks associated with using the PayPal Service:

Unauthorised transactions: There is a risk your PayPal Account may be compromised and subject to an account takeover, unauthorised transactions, or other type of fraudulent activity.

Alistair MacGibbon, Director of eBay's Trust & Safety Dept quotes:

"The overwhelming majority of eBay transactions are trouble-free; and of those problems that are encountered, the vast bulk are a communication issue". (To see this interview in full, please refer to: <http://youtube.com/watch?v=KAIM0E-zrhM>)

Ebay acknowledges that problems with transactions are minimal, and of those that do occur, they are communication issues, NOT payment method/financial issues. If this proposed new policy was truly about safety, there are numerous other more practical, obvious and easy methods to implement. It is very evident that this Paypal-only policy has NOTHING whatsoever to do with safety; eBay would NOT be implementing this Paypal-only policy if they didn't own Paypal. It is purely a revenue-raising policy to monopolise the market and further increase eBay's profits.

From eBay's own "Help" pages offering advice to new buyers:

<http://pages.ebay.com.au/help/tp/know-seller-ov.html> where it advises; "Be wary of sellers who only

accept one form of payment". Now eBay is demanding sellers do precisely that by allowing them to offer Paypal only payment (their cash on pick-up option is an impractical option, and is provided only so that eBay can try to claim their Paypal-only policy wouldn't be a monopoly. Cash-on-Pick-up shouldn't be considered an option; for a national and worldwide marketplace, this is not a practical or viable payment method, and nor is it safe for strangers to be continually coming to one's private home, even if distances across Australia made this viable).

From the New York Times:

"Mr. Donahoe, who has been running the company since his appointment to the top spot was announced in January, says the changes are intended to help eBay restart growth in its main marketplaces business, which has stagnated as Amazon.com has attracted eBay's best buyers and sellers. Mr. Donahoe outlined some more coming changes to the site. In Australia, the company is testing a program that requires sellers to accept only PayPal payments. Mr. Donahoe said that if the test was successful, the company would introduce it in other countries "in months, not years."

(For the entire article, please refer to:

http://www.nytimes.com/2008/04/17/technology/17ebay.html?_r=3&ref=business&oref=slogin&oref=slogin&oref=slogin)

Some further problems experienced with the usage of Paypal:

It charges users high fees (and would then have the monopoly to charge even higher fees if the competition is removed as they are planning);

It has poor international currency exchange rates that are well below actual exchange rates, once again increasing their profits;

It doesn't allow access to account holders' own funds that they have already paid fees to receive, unless the account holder pays a further fee to withdraw those funds;

Despite account holders having paid a fee to receive their funds, Paypal freezes it in a "holding" account for upto 21 before you must pay again to access it;

Those using Paypal need to pay additional fees to have any claim to their "Protection" schemes;

Paypal will not allow eBay sellers to continue with current postage practices, of packing several purchases together in a single parcel when buyers have bought several items from the same seller.

Posting items together in a single package saves the buyer from additional postage costs. Now Paypal claims that each item will have to be packaged and tracked separately in order to be covered by their "Protection" schemes, resulting in considerably higher costs for buyers;

Paypal's Buyer Protection scheme is dubious and highly conditional (reminiscent of insurance companies' reputations, that if they can get out of paying a claim, they will);

Paypal's dispute policies favour US members for lodging claims, as whilst Paypal happily accepts international transactions, their time factor for lodging complaints doesn't take into consideration that some international purchases take weeks, and upto 4 months to arrive to Australia, by which time the time-frame allowed for lodging a claim has expired;

There are also other "privileges" which Australian Paypal account-holders don't receive, despite paying the same fees as our USA counterparts, which discriminates against Australians.

It is clearly apparent that by implementing this Paypal-only policy, it is an extreme restriction of trade and competition. As an eBay seller, I would not only have mandatory fees imposed on me by having to use Paypal for every transaction, but I would also lose the majority of my buyers, as they prefer to pay via Direct Debit and refuse to use Paypal. I am happy to offer Paypal as a payment option, but NOT to the exclusion of all other payment options.

The detriment to the public caused by excluding all competition by implementing this Paypal-only policy, would definitely outweigh any perceived, or claimed, public benefit.

I appreciate your time, and hope you will ensure that eBay cannot circumvent Australian trading laws that have been put in place to protect ALL Australians, and that they will be denied the exemption from our laws that they are seeking. If eBay's proposal is allowed to be implemented, it would seriously and adversely impact on all Australian eBay users, restricting their trade to their considerable detriment.

Regards, Shirley Bendle