

Roy, Lauren

Subject: Notification of Exclusive Dealing by Ebay and Paypal [SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

From: Virginia Birt

**EXCLUDED FROM
PUBLIC REGISTER**

Sent: Thursday, 1 May 2008 10:22 PM

To: Adjudication

Subject: Notification of Exclusive Dealing by Ebay and Paypal

Dear Sir/Madam

This submission is a response to Ebay International's notification requesting exemption from Section 47 of the Trade Practices Act 1974. EBay's application is not in the public interest, and is anti competitive.

I am very unhappy about being forced to use Paypal as the only method of payment for Ebay transactions. I have been a buyer and seller on Ebay since 2004, and have consciously chosen not to have a Paypal account at all. I made this decision because Paypal fees are high, particularly for sellers of small, relatively cheap items, and there can be problems with the time it takes for the transaction to be processed and recorded, resulting in delays with posting. I am not happy about using a service that is not regulated in the same way as banks and other Australian financial institutions. I have had no significant problems with bank deposit, personal cheque or money order and any problems that have arisen have been resolved quickly and efficiently by my bank, or through communication with the seller or buyer.

I believe Ebay's new rules take away my choice as a consumer to use payment methods that I prefer and feel are more secure and definitely more user friendly than Paypal. Ebay's justification for this new regime is greater security for the buyer, but both buyers and sellers are customers of Ebay, and both are disadvantaged by limiting transactions to Paypal. For a seller to be protected from fraudulent claims about items not being delivered, sellers must be able to prove that an article was posted. Paypal demands particular postal services with registration of parcels as proof, so sellers are forced to charge higher cost for postage, and spend more time in post office queues and filling in forms.

Paypal is able to take funds directly from a seller's Paypal account, give them back to a buyer who claims to be unhappy, and the seller has almost no way of proving their innocence. Sellers are at risk of being scammed by buyers who receive goods and claim they did not, or who fraudulently claim there was a problem with an item. I have heard many instances of this happening, and of sellers accounts being frozen for unreasonable periods of time, meaning they are unable to trade, especially if there is only one method of payment allowed. Paypal is notorious for NOT assisting sellers with problems, and for unreasonably favouring buyers. I am a buyer as well, and I am scrupulously honest, but accept that buying at online auction carries some low level of risk, and I am willing to accept that risk, particularly with lower priced items. Australia Post is reliable and does have insurance cover for missing articles if a buyer or seller are willing to properly make a claim. Paypal does NOT provide insurance as it misleadingly claims - it simply takes the money off the seller and gives it back to the buyer. This is not insurance - it is punishment of the seller, and the circumstances are irrelevant to paypal or Ebay.

Paypal's system may be more efficient than others for some transactions, for instance international transactions. This system is not unique to Paypal, however. Companies such as Paymate and BPay provide essentially the same service yet Ebay intends to disallow them. This is truly anti-competitive and, I think, highlights Ebay's true motivation with this change which is to use their payment system monopoly to gain an unfair trading advantage.

The present system works very well for most people - choice of payment methods, and confidence in our well regulated, reliable banking system, and our well run and reasonably efficient postal system. The current Ebay feedback system also puts the onus back onto Ebay's customers - buyers and sellers, to carry out their transactions honestly. Buyers and sellers can look at feedback and make decisions about who to deal with. When it is obvious because of high negative feedback that there is a problem with a buyer or seller, Ebay can then suspend the party, and take any other action necessary. This is fair to buyers and sellers, and creates a sense of responsibility - of building trust by transacting properly. Ebay is also proposing to prevent sellers from leaving negative feedback. This means that when buyers renege on paying, or other problems occur, perhaps because a buyer is dishonest, there is no longer a public record of this. Of course, buyers are "fully protected" at the expense of sellers. A buyer may have to wait for an item to be posted due to Paypal's slowness, and leave negative feedback for the seller. The seller can no longer leave negative feedback if a buyer never pays for an item, or leaves unreasonable feedback. This is totally unfair to all Ebay clients.

Ebay is allowing cash on pick up as an alternative method, but this is unfeasible and unrealistic for most users, as one of the particular benefits of online auctions is that you can buy and sell to people in remote areas, or who live a long way from you. Even when transactions take place in close locations, most sellers and buyers of small items prefer the anonymity of postal services.

7/05/2008

I am angry that my choice is being taken away, and that I am being forced to comply with a process that I feel uncomfortable about, and feel that I cannot entirely trust. Many people have had problems with Paypal, both buyers and sellers, and public comment from Ebay buyers and sellers are frequently unfavourable. I am happy to offer Paypal if I have to, though I would prefer not to. I will not offer it as a payment method if it is the only method I can use. This is a bullying tactic by Ebay, who has encouraged small sellers to "grow their businesses", and then tries to enforce new rules which are designed only to add to EBay's profits. Many smaller sellers will have little if any profit once these added fees are incurred, and thus will no longer sell - it is simply not worth the time and effort. This will affect buyers of smaller items like CDs, books, clothing, jewellery and craft materials, as they will no longer have the range of products available, and those available will be more expensive to cover the seller's costs..

From my own Ebay experience, many buyer and sellers are in remote communities where they cannot access a wide variety of goods, and so rely on on-line auctions to meet their needs. The kind of community groups affected by Ebay's greed will be those in remote areas, the disabled, parents of young children, people without access to transport etc. Many people who sell goods on Ebay do so to supplement family incomes that are increasingly under pressure from rising interest rates, rising petrol prices and rising food prices. This is a part of the hidden economy, the economy that prevents the full effect of inflation from hitting families. I use money that I make from selling our used household items to pay for my children's sporting and other activities, and I am sure this is the case for many who supplement their family income through eBay. I could host a garage sale from time to time, but the anonymity of an on-line auction that is not ridiculously expensive and unsafe is so much better for me and, I am sure, hundreds of thousands of other Australians.

Ebay is being unnecessarily greedy at the expense of ordinary Australians, those of us who cannot afford to buy expensive items in shops, who need something that cannot be bought where we live, or who are isolated and find Ebay gives an interesting and dynamic outlet to the rest of Australia and the world. Many of us will no longer be able to do this, and not only will a lot of fun be taken away, but our families will suffer - that extra \$50 a week that helps pay for petrol and school activities will be gone. This will have a huge impact.

Please don't let Ebay bully Australia. Its notification is definitely not in the public interest! This is not about security, it is about limiting choice for greater company profit.

Virginia Birt