

30<sup>th</sup> April 2008

The General Manager,  
Adjudication Branch  
Australian Competition and Consumer Commission  
GPO Box 3131  
Canberra ACT 2601

EXCLUDED FROM  
PUBLIC REGISTER

SENT VIA E-MAIL TO: [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

Dear Sir/Madam,

**Re: eBay International AG exclusive dealing notification – interested party submission**

As someone who sells used books on eBay in a micro-business capacity (approximately 40-60 books per month), I am pleased to be able to comment on eBay's proposal to force all payments to be made using PayPal.

**Removing customer choice**

At present, although I make PayPal available as an option for payment on all the items I put up for sale because it is the simplest method for buyers outside of Australia to deal with, approximately 40% of the people who buy books from me through eBay choose to pay with a method other than PayPal, such as direct bank deposit, cheque, postal money order or cash. This is entirely the free choice of the customer and clearly it suits them to do so. Moreover, when customers choose options other than PayPal, it also suits me as the seller because it is fast, accessible, established and in most cases fee-free or less expensive than using PayPal. This enables me to keep costs down. I have not had any problems with customers using these methods of payment, other than when there have been so-called "glitches" on the eBay site that have made it difficult for buyers to obtain the bank details I have provided there for their use. Customer choice should be permitted to freely drive whether PayPal is preferred or not.

**PayPal takes a slice of the postage charge, driving up costs**

It is important to note that the PayPal fee is a percentage taken from the total that the customer pays, so it includes taking a percentage of the postage cost for an item. eBay's proposal means that in future, buyers on eBay will never be able to have something posted to them at the cost of the postage; it will always be postage + PayPal fee on that postage. When you are talking about small ticket items e.g. \$0.99, where often the postage is significantly greater than the cost of the item anyway e.g. \$6.00 - \$9.50, customers should have the right to choose a payment option that keeps costs down. As an

avid reader who grew up in a small country town with a library but no bookshops, it is one of the great pleasures of selling used books via eBay to be posting them to people in remote and rural parts of Australia. I feel like I'm providing them with a small service. It's important that they have options that enable costs associated with buying books through eBay to be kept down. In many cases their payment options, along with their shopping options, are already limited as they don't necessarily have the full range of banks in town, or they live a long way from any such facilities. Their choice should not be further restricted.

### **Auction losses are compounded by PayPal fees**

I sell a small number of used books in both an eBay "store" that I pay them a monthly rental for and through eBay auctions. Despite the fact that I pay monthly rental for the "store", eBay has structured their searches so that priority is given to items on Auction and sponsored advertising links, and in many cases Store items don't show up at all on a customer's screen when they have searched for it. This means that it is critical to have a good proportion of items on Auction which is more costly; I do this, starting often quite valuable items at as little as \$0.99 in order to minimize the eBay costs but attract the necessary attention. It is not possible to put a reserve on books. As the books I sell tend to be somewhat eclectic, there is not always more than 1 bidder at any one time and as with any Auction, the risk is that the item sells at \$0.99 from which eBay takes a cut of \$0.35. If the customer is then forced to pay via PayPal, a further fee is deducted not just of the \$0.99 but now also of the postage that the customer is paying for. For example, if the postage is \$6.30, the PayPal fee taken is \$0.47. So in total eBay/PayPal have taken \$0.82 leaving me with \$0.16 which does little to cover the costs of the book. What I do is micro-business, but nonetheless important to me. It seems grossly unfair that eBay through PayPal can be permitted to double dip in this manner, taking more and more of a slice of the pie, when there are other payment options available to people that would leave a few more crumbs for the seller.

### **PayPal policy of not allowing fees to be passed on to customers**

As has been made clear in the past on their website and in the online discussion threads and forums on the eBay site, PayPal has long had a policy of not permitting eBay sellers to accept PayPal payments on the proviso that any associated fees are passed on to the customer to pay. Unlike regular merchants in Australia who can pass on credit card fees to the buyers provided this is made clear up front, eBay discourages this and as I understand it, to do so would be to jeopardize my ability to sell on eBay. This means that sellers who operate on extremely small or no margin (i.e. there are sellers who are not necessarily trying to make a lot of money, but they certainly don't want to lose money when passing on items they no longer need) have had no option but to try and factor in the cost of PayPal fees to the sale or starting price of items (in advance of knowing what this will eventually be in the case of auctions). Sellers then build this into the cost of the item, regardless of whether the final buyer chooses to pay with PayPal or by another method that doesn't attract the fees.

eBay should not be permitted to force buyers to use PayPal. Customer choice should be allowed to freely dictate how popular PayPal is and the merits of any protection offered.

If anything, eBay should be required to enable sellers to pass on any PayPal fees to those buyers who choose to use PayPal, rather than sellers having to try and build this into the cost of items for all buyers, even those who choose less expensive methods of payment. If eBay is permitted to go ahead with this proposal, the direct result will be that I shall have to increase the cost of all the books that I am selling in order to cover the fact that 100% of what I sell will now attract PayPal fees, rather than just 60% of what I sell. This is not in the interests of customers.

Thank you for the opportunity to comment on this submission; I look forward to hearing of any developments in this regard.

Yours faithfully,

Catherine L Brunskill

[Redacted signature box]

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