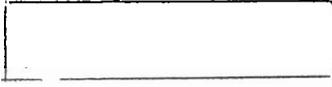


Submission – Proposed EBay policy about Paypal

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I am a regular buyer on EBay and there are certainly differences to the payment methods available.

Whilst I have not sold anything on EBay, I know that fees for sellers apply for listings and I guess additional fees from Paypal also apply. This is why certain sellers prefer not to use Paypal for Australian buyers when the goods are domiciled in Australia.

It appears to me that an auction site becomes artificial if low cost items such as stamps have price hikes added due to Paypal fees being recovered. Where does a “fair market value” then apply? It fails to be an open market, but a retail operation recovering costs. Costs imposed by the host facility, which allegedly also owns the beneficiary organization processing the payments.

The process with Paypal is time consuming and certainly does not advantage the seller, as there is typically a delay of four days to complete the funds transfer. It may also be pertinent to look at the time the funds are withdrawn from the buyer’s account to the time the funds are credited to the seller’s account, which finalises the transaction. Is Paypal using the money in the intervening time to gain short term financial market interest?

My experience shows that internet Bank Deposit for purchases within Australia is far more efficient and far quicker than an equivalent Paypal transaction. Internet banking deposits are processed the next business day and the details are transparent.

Internet banking however for overseas money transfers is not efficient because bank fees of about \$20.00 apply which adds significantly to the purchase cost to the buyer. With Paypal that extra burden does not exist. So Paypal is preferred for buying goods domiciled overseas if you are buying.

To make Paypal the sole method of payment for all transactions when EBay allegedly owns Paypal is simply restraint of trade and to my mind also breaches the third line forcing provisions of the Trade Practices Act. Not sure whether there is a loophole there as EBay owns both entities. However if there is a legal separation between the two entities and they stand alone, then the third line forcing provisions should apply in my view. That in itself should allow the ACCC to stop EBay in this matter under the Trade Practices Act.

We are certainly not forced to use EBay as a business. Other companies are available but to some extent EBay has become similar to a secondary market business such as Paddys in Sydney or other stall holder market operations only this is over the net. But EBay is so

popular, the users, both sellers and buyers should be protected under the Trade Practices Act given that the EBay business is operated within Australia.

The fact that EBay owns both entities and is only looking at doing this in Australia tends to indicate that:

- they are not making as much money here as elsewhere, so are ramping the profits;
- Australian law is regarded as not good enough to prevent them doing it but elsewhere they would not get away with it; or
- They have poor legal advice.

For myself, as a buyer, I would not use the site if Paypal was the only payment method and as a buyer I would be paying extra to recover the seller fees.

I would be disappointed if Australian law was not good enough to prevent the restraints envisaged by EBay through this policy. Third line forcing surely should be the means to defeat the proposed action.

Lindsay Smith