

Roy, Lauren

From: Blanch, Belinda on behalf of Adjudication
Sent: Wednesday, 30 April 2008 3:46 PM
To: Chisholm, Shane; Roy, Lauren
Subject: FW: eBay International AG - Exclusive Dealing Notification N93365
 [SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

From: [REDACTED]
Sent: Wednesday, 30 April 2008 1:06 PM
To: Adjudication
Subject: eBay International AG - Exclusive Dealing Notification N93365

**EXCLUDED FROM
 PUBLIC REGISTER**

Submission regarding eBay International AG - Exclusive Dealing Notification N93365

eBay is Australia's biggest online marketplace and Paypal is a wholly owned subsidiary; eBay is using its dominance to force buyers and sellers to use its payment gateway exclusively.

I am a seller of used books and currently accept payments for eBay purchases by direct deposit, bank, building society and credit union counter cheques, Australia Post Money Orders, Paypal and Paymate.

The proposed changes to eBay's Payment Policy in Australia are anti-competetive:

1. They remove the seller's ability to offer a choice of payment methods that they are prepared to accept. If, as they insist, eBay Australia "is only a venue" where buyers and sellers meet then it should be up to the sellers to determine whether they accept cash (via direct deposit or on pickup), cheques, Money Orders, credit cards or an online payment gateway such as Paypal or Paymate. Retailers in other "venues" such as shopping malls have that right.
2. They remove the buyer's ability to pay by methods they are comfortable with; many people do not like the fact that, in order to have a Paypal account, they have to register bank details and refuse to do so.
3. Many sellers who already have credit card merchant accounts with their banks will now be forced to process credit card transactions through Paypal, possibly at less advantageous rates than those negotiated with their banks.
4. In Australia Paypal does not accept American Express credit cards. Those buyers who have American Express credit cards will not be able to make their payments through Paypal. This reduces the pool of competing buyers.
5. Until a recent "glitch" when buyers were taken directly to Paypal at checkout, most (approximately 70%) of my buyers paid by direct deposit or Australia Post Money Order. Those buyers who do not have a Paypal account will no longer be able to bid or buy on eBay, thus reducing the pool of buyers who are competing on eBay.
6. Cash on Pickup is not a competetive alternative; I live in regional Australia and in my last two

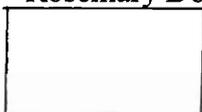
hundred transactions only two buyers lived within fifty kilometres of me and none elected to pick up their purchases.

The public benefit of the proposed changes does not outweigh the public detriment:

1. Regarding eBay Australia's claim that payments by Paypal are four times less likely to lead to disputes:
 - (a) In the past Paypal, in a majority of cases, found in favour of the buyer in an "item not received" claim unless the seller could provide trackable proof of posting and delivery, only available at a considerably increased postage cost. Until now Paypal has not accepted Australia Post Registered Post as proof of posting and delivery and has refunded the buyer from the seller's Paypal account; therefore there was no eBay dispute process – it was a Paypal dispute. There was considerable anecdotal evidence to suggest that fraudulent Paypal claims of "item not received" were being made and granted.
 - (b) If a buyer who wishes to pick up an item pays via Paypal, then collects the item, there is no process by which the seller can prove the pickup was actually made.
2. eBay charges sellers a Listing Fee and a Final Value Fee if the item sells; by requiring that all payments be made by Paypal, eBay through its subsidiary, will now get a proportion of sellers' postage charges which, until now, have been free of transaction charges if made by direct deposit, Money Order or cheque.
3. Paypal charges a fee of \$1.00 to transfer amounts of less than \$150.00 from Paypal accounts to bank accounts and therefore has the use of a seller's funds, if a seller chooses to wait until \$150.00 accumulates before transferring to a bank account. Paymate transfers to bank accounts are immediate and fee free.
4. Paypal proposes to introduce a policy whereby funds in a seller's Paypal account can be frozen for up to 21 days or until a buyer leaves positive feedback without giving the seller any reason.
5. On international transactions Paypal charges a higher than market rate (2.5 basis points) for currency exchanges.
6. There is no seller protection for multiple items paid for separately and shipped in one package in order to save postage costs to the buyer. Each item would have to be sent separately by Registered Post, increasing costs to buyers.
7. Many of the cases of seller fraud which have led to buyer dissatisfaction in the recent past could well have been avoided had eBay Australia introduced more stringent member ID Verification measures; something members have been asking for for years. This would certainly do more to "enhance the buyer experience" than requiring that all payments should be made via Paypal or cash on pickup.

I submit that the ACCC should reject this application.

Rosemary Donald



EXCLUDED FROM
PUBLIC REGISTER