

Roy, Lauren

From: Petreski, Sonya on behalf of Adjudication
Sent: Thursday, 24 April 2008 7:55 AM
To: Chisholm, Shane; Roy, Lauren
Subject: FW: Submission Re: eBay International AG - Notification - N93365
[SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

From: James Bramich [mailto:[\[REDACTED\]](#)]
Sent: Wednesday, 23 April 2008 9:31 PM
To: Adjudication
Subject: Submission Re: eBay International AG - Notification - N93365

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PUBLIC REGISTER**

To Whom It May Concern:

I wish to make a submission against eBay Australia's filing for immunity from the exclusive dealing prohibitions in the Trade Practices Act. I believe that the likely benefit to the public of allowing eBay to mandate only PayPal or pay-on-pickup payment methods for most transactions on the eBay site will not outweigh the likely detriment to the public and will substantially lessen competition.

eBay has a practical monopoly in the online auction industry. In many cases, it is the only practical way for sellers to sell specific goods to a wide audience, and for buyers to find specific (particularly no longer manufactured) goods they wish to purchase. Many small sellers and buyers looking for specific goods have little alternative to eBay.

The online payment industry is a relatively new industry and there are a number of options available in the marketplace, with a wide variety of features and pricing, as well as more traditional methods such as direct bank deposits, bank cheques and money orders offered by banks and Australia Post. eBay argues that mandating PayPal as the only accepted online payment method for eBay transactions is required due to its safety and convenience and that this outweighs any detrimental impact to the public and to competition. I dispute eBay's claim that PayPal is a safe, or the safest, payment mechanism. PayPal only offers one method of user authentication to access an account - the combination of email address and password. Anyone with these two pieces of information may access the account and access personal information, bank details and credit card details, as well as potentially accessing funds. This information can be used for identity theft and credit card fraud. Once this has occurred, and PayPal notified by the customer, PayPal has no power to do anything to help the customer other than to lock down the account to prevent further access. The simplicity of PayPal's security mechanisms is evidenced by the frequency of phishing attacks by scammers targeting PayPal. Other competing payment methods in the marketplace have more security features, such as other authentication methods and alerts of suspicious activity, and banks often have more guarantees regarding online safety and ability to recover stolen funds and reverse fraudulent credit card transactions.

I know this personally as a few months ago, my girlfriend had her PayPal account broken into, her credit card details stolen and used to make purchases. Her bank notified her in a timely manner of possible fraudulent use of her credit card, and her bank took steps to reverse the transaction, cancel the credit card and issue a new card. PayPal did not detect the suspicious use of her account and notify her until some time later, after the card was cancelled. She has since decided that PayPal does not provide a sufficient level of security and closed her PayPal account. Why should then she be disallowed from buying and selling on eBay, or be forced to use a product that she considers to be unsafe in order to use eBay? Especially given this episode, why shouldn't she have the right to

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decide that using her bank is safer than using PayPal?

In addition, the PayPal user agreement and product disclosure statement which must be agreed to in order to open a PayPal account basically absolves PayPal of responsibility to provide security or availability of service, and allows PayPal to modify or remove the buyer and seller protection policies eBay has touted in its notification at any time, and the seller protection policy only applies under certain restrictive conditions. PayPal has also had a history of system glitches and providing poor customer service, as evidenced by the bad experiences collated on a number of websites, such as:

<http://www.paypalwarning.com/>

<http://www.nopaypal.com/>

If the ACCC allows eBay to mandate PayPal as the only payment mechanism, due to eBay's prevalence, it will severely limit the ability of other existing and upcoming organisations to compete in the online payment market. Doing so will effectively hand PayPal a monopoly in the online payment market and allow them to raise fees with impunity to the detriment of eBay buyers and sellers. The ACCC should disallow this, so that PayPal has to continue to compete with other payment method products in the market on its own terms, and customers should be able to choose which payment methods (whether online or offline) offer the customer the features that are most important to them, such as security, convenience, customer service, cost, and whether their personal details have to be held by a third party in order to use the payment method.

I therefore implore the ACCC to disallow eBay's filing for immunity from the exclusive dealing prohibitions in the Trade Practices Act and disallow eBay from mandating PayPal as the only online payment mechanism allowed on eBay.

Regards,

James Bramich

----- Original Message -----

From: Infocentre <info.centre@accc.gov.au>

Sent: Friday, 18 April, 2008 10:56:35 AM

Subject: eBay International AG - Notification - N93365 [SEC=UNCLASSIFIED]

Please find attached a response to your recent inquiry to the ACCC concerning eBay / PayPal.

<<eBay exclusive dealing notification.doc>>

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