

Roy, Lauren

From: Petreski, Sonya on behalf of Adjudication
Sent: Wednesday, 23 April 2008 9:13 AM
To: Chisholm, Shane; Roy, Lauren
Subject: FW: Ebay & Paypal Submission [SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
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From: [REDACTED]
Sent: Tuesday, 22 April 2008 3:53 PM
To: Adjudication
Subject: Ebay & Paypal Submission

**EXCLUDED FROM
PUBLIC REGISTER**

To whom it may regard,

I would like to put forward the following points in opposition to the exclusive dealing notification from ebay.

1. the proposed changes are in breach of the trade practices act, specifically Third line forcing/exclusive dealing which is in breach of the Trade Practices Act. part IV restrictive trade practices. I believe it is also in contravention of section 52 of the act: "A corporation shall not in trade or commerce engage in conduct in Australia that is misleading or deceptive or is likely to mislead or deceive." Ebay claims that the change to Paypal as the only allowable form of payment on ebay has been proposed 'to increase consumer protection against online fraud'. I believe this claim to be 'false and misleading' with reasons to follow.
 2. ebay dominates the online auction marketplace in australia, effectively holding a monopoly over it. They are using this dominant market position to reduce or eliminate competition, namely Paymate Pty Ltd ABN 91 093 528 002 for one of their own businesses namely PayPal Australia Pty Limited ABN 93 111 195 389. Before ebay aquired Paypal they owned Paymate and touted it as extremely safe and reliable- they now claim only Paypal is safe and reliable -despite a wealth of evidence to the contrary.
 3. other competition affected with the elimination of bank deposit, cheques and money orders as payment methods, includes australian banks and australia post. This shifts the revenue generated from these companies to paypal, to an offshore company, rather than keeping it within australia. I don't think this is in the best interest of australia. In addition I believe direct deposit payments are safer and more transparent than payments made with Paypal. All Paypal consumer contact is based overseas and have proved very very poor in dealing with customer complaints or concerns.
- eBay International AG provide services in australia, by ebay.com.au and eBay Australia Pty Ltd but do not charge any GST on the services that their Australian subsidiary provides to sellers running a business on ebay. Therefore they avoid tax obligations within australia, whereas the other competitors named above in points 2 and 3 do not.
4. the exclusive use of paypal on ebay, disadvantages the large portion of australian consumers who do not wish to use online payment methods for purchases. it also lengthens the transaction time considerably when funded with a bank account only, the payment can take up to 8 days in some cases to go through, whereas bank deposit is 1-2 days. this would reduce consumer satisfaction with

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regards to speed of transactions. In addition ebay has proposed a change to the Paypal system where new users funds can be withheld for up to 21 days. This system is not well explained and seems arbitrary. It is touted as a 'safety measure' but is more likely a revenue raising matter.

The increased fees associated with paypal will be passed onto buyers, ultimately increasing the prices buyers will have to pay in the online market place. In addition Paypal charges extra levies on overseas payments and offers very poor and uncompetitive exchange rates for foreign currencies.

5. ebay has been using the idea of safety to promote paypal, when in reality it is about increasing profit and revenue for ebay AG international, as they own paypal.

Ebay began claiming that most normal forms of online payment were 'unsafe' when they bought paypal. They then removed buyer protection programs from payment methods other than paypal. This has resulted in a fear campaign pushing buyers toward paypal. In addition both overseas and here in Australia there is mounting evidence of Paypal being the target of large scale internet fraud. There are many website online that detail this growing issue: www.paypalwarning.com, www.paypalsucks.com, www.paypalsucks.org to name a few. Ebay users are targeted by many hundreds of fraudulent emails a year (so called 'phishing'), these email claim to be from paypal and seek to gather the users personal account information. Once obtained this is used to steal funds and conduct online frauds. This problem has been growing steadily over the years.

I believe ebay has been 'false and misleading' when providing research results used to back up their submission and claim that Paypal is 'safer' than other form of payment. All research and study methods used and presented by ebay should be carefully examined to assess their viability and accuracy. This should include a detailed examination of Paypal fraud rates, chargeback rates, frozen or compromised accounts, etc.

Prior to ebay owning paypal, www.paymate.com.au was a viable payment option offering a comparable level of security to buyers. Paypal offers very little protection to sellers- indeed there is ample evidence that it is a very unsafe way to receive funds if you are a vendor. I have had direct experience of this and as consequence I feel unsafe accepting large payments via Paypal. I believe netbanking and direct deposit offered by Australian banks to be a far safer form of payment. I utterly reject ebay's claim that Paypal is safe.

6. Using only paypal and cash on pickup (not really an alternative as cash on pick up represents less than 1% of transactions online) , means the system becomes totally unworkable in the event of technical/computer problems with the ebay/paypal site. There should be backup methods available to use in the event of this occurring. Having only one payment option apart from cash on pickup is not in the interest of consumers who have the right to choose the payment method they are most comfortable with, based on a sellers individual proven track record and feedback.

In conclusion, I believe the points I have raised here support the following 2 points

1. the proposed conduct will result in a substantial lessening of competition;
2. the public benefit that may result from the proposed conduct would not outweigh the detriment to the public caused by the lessening of competition.

warm regards,
Jack Grieve