

Roy, Lauren

Subject: Submission Re: Ebay International - Exclusive Dealing Notification N93365
[SEC=UNCLASSIFIED]
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**EXCLUDED FROM
PUBLIC REGISTER**

From: C Davies [REDACTED]
Sent: Wednesday, 7 May 2008 1:48 PM
To: Adjudication
Subject: Submission Re: Ebay International - Exclusive Dealing Notification N93365

[Restriction of Publication Claimed] I request that for privacy and spam prevention reasons, my email address be excluded from the public register.

Dear Sir/Madam,

Regrettably I have only become aware of this issue since checking the Ebay site today (7 May), where the change of Ebay conditions is presented on its login page. It would appear that Ebay have chosen to only clearly alert their clients after the previously advised closing date for submissions (2 May) - although some advice may well have been 'buried' in less commonly accessed parts of the Ebay site. It is understandable, but unfortunate, that the ACCC letter to interested parties was not able to be sent to all Australian Ebay users, as it is these (small-time Ebay users) that will I believe be most adversely affected by Ebay's actions.

I am hoping that this submission is not too late (I have seen some talk on the internet of an extension to 9 May).

In regard to the issue:

a) It seems undeniable that Ebay's actions will result in a substantial lessening of competition. Ebay has a position of substantial market dominance in 'online auctions'. I have in the past used Ebay both as a buyer and seller (an individual seller not a 'merchant'), and have used payment methods of Cash On Delivery and Direct Bank Transfer (without problems), as well as PayPal. Clearly limiting payment methods to the (Ebay owned) PayPal method will result in a lessening of competition from services such as Direct Bank Transfer or other competitors.

b) Ebay advances the claim that the Ebay/PayPal arrangement has security benefits which outweigh the detriment from a lessening of competition. This claim should be rejected as it is much more credible that Ebay's motivation is to direct revenue to PayPal to enhance their profits (PayPal has relatively high charges compared to some alternative payment methods - these charges may well represent some degree of 'insurance purchase', but Ebay should not be able to force clients to purchase insurance from their own company).

In Australia Direct Bank Transfer is a widely used and low cost payment method - it would appear likely that the wide acceptance of this payment method in Australia has resulted in Ebay/PayPal wishing to prevent this method of payment. In any case it is difficult to believe that alternative online payment providers cannot provide security at least as good as PayPal's.

I have not addressed other concerning aspects of PayPal (e.g. poor ability to contact personnel to have issues resolved, less than clear fee charging arrangements) as these are perhaps not directly relevant to this issue.

I would also suggest that the ACCC maintain surveillance of online payments (and Ebay/PayPal in particular) to prevent the possibility that (should Ebay's Exclusive Dealing application be rejected) it may limit payment methods to alternatives which it knows are clearly inferior in terms of convenience, security or cost (e.g. cheque, high cost alternative providers), thereby achieving the aim of directing revenue to PayPal by not offering competitive providers.

8/05/2008

Regards

C Davies