

Roy, Lauren

Subject: ebay forcing paypal on consumers. [SEC=UNCLASSIFIED]

Categories: SEC=UNCLASSIFIED

ACCC Classification: SEC=UNCLASSIFIED

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From: [name excluded]

Sent: Friday, 2 May 2008 3:53 PM

To: Adjudication

Subject: ebay forcing paypal on consumers.

I am writing to complain about ebay forcing the use of paypal on all ebay users.

For several reasons this will lead to less competition, and increased prices for buyers and sellers on ebay.

-people choose to only do financial transactions only through their bank for valid security reasons

-trust thier bank

-do not want multiple repositories of thier personal information

-people do not like/trust paypal

-no phonenumbers to contact them on

-foreign company

-terms of service broadly allow them to freeze accounts for quite arbitrary reasons

After doing a search today I found "www.paypalsucks.com". There are many examples on this site of reasons for people to not want to use paypal for transactions. If ebay forces the use for paypal for transactions, then a proportion of buyers and sellers on ebay will choose not to conduct business on ebay any more.

There is no inherent benefit to forcing the use of paypal - the only direct benefit is to ebay/paypal in creating more fees for themselves. Ebay is trying to tie a perceived "benefit" to this change, but the "benefit" is not directly a result of forcing the use of paypal - it is simply a carrot being dangled in front of the ACCC to buy the ACCC's approval.

The perceived "improvement" that ebay is offering is artificial - if they wanted to increase "protection" they could do this regardless

of forcing more people to use paypal. Forcing the user of paypal is a business decision to benefit ebay, not a decision which benefits consumers.

Everyone can currently choose to use or not use paypal and choose to bear the costs and receive the "benefits" it provides. If paypal is worthwhile enough to buyers and sellers it will get 100% usage through being of value to users - forcing it on everyone along with increased costs is not fair on consumers

There are other ways that the "protection" of paypal could be better implemented without forcing it on everyone. Apparently in the UK paypal is only forced on people who do not have "good" feedback from other ebay users (this would mean new ebay users who have not proven trustworthy yet, and ebay users who have received bad feedback from other users). Forcing the use of paypal on all users is inappropriate.

If the costs of Paypal could be passed on to buyers, then as a seller I would have fewer problems with allowing this payment method -

however this is specifically disallowed as part of the terms of service for paypal.

Forcing the use of paypal will have the following effects

-a proportion of sellers will stop selling on ebay - directly affecting competition

-a proportion of buyers will stop buying on ebay - directly affecting competition

Sellers who offer paypal are also more prone to risk of fraud from unscrupulous buyers as buyers may make fraudulent claims about goods they buy. eg. If goods are damaged in the mail and no insurance has been paid for buyers may claim that the goods do not fit the description.

ebay is saying that they are increasing "protection" for buyers but they are forcing sellers to pay for this "insurance". Buyers currently have the choice of buying from sellers who offer paypal, or in many cases can choose to pay less from sellers who do not accept paypal. This increases competition.

Any decline in the number of buyers is more pronounced in an auction setting such as ebay where the number of buyers competing to buy a product directly and strongly affects prices

As a buyer on ebay, I choose not to use paypal, to keep costs to sellers to a minimum so that sellers can offer the best possible prices.

As a seller on ebay, I choose not to use paypal, to keep my costs down, and offer the best possible prices to buyers.

In an advertisement where a fixed "buy now" price is set, or starting auction price is set, I can offer a lower price to buyers as I do not have paypal costs to bear. Not offering paypal directly affects my ability to offer the best possible price to consumers and to compete with other sellers.

From the ACCC website "As a general guide, the more exclusive the product and the more powerful the supplier, the more likely it is that competition will be affected." As the market currently stands, ebay is virtually a monopoly in the online auction marketplace and this action is taking advantage of this position. I strongly urge the ACCC to disallow this forcing of paypal on ebay users.

Regards,

[name excluded]

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