

Roy, Lauren

Subject: RE: PAY PAL EBAY - PROPOSAL TO LIMIT PAYMENTS TO PAY PAL FOR GOODSNOT COLLECTED IN PERSON [SEC=UNCLASSIFIED]

Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

**EXCLUDED FROM
PUBLIC REGISTER**

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

From: JOHN [REDACTED]
Sent: Friday, 2 May 2008 4:29 PM
To: Adjudication
Subject: RE: PAY PAL EBAY - PROPOSAL TO LIMIT PAYMENTS TO PAY PAL FOR GOODSNOT COLLECTED IN PERSON

Please see below my submission on the issue of ebay restricting payment methods to Pay Pal only.

EBay proposes to allow sellers to accept payments by Pay Pal only, unless the good or service is collected in person.

Pay Pal and eBay are partner companies, who share a common interest.

It is widely accepted that Pay Pal charge fees that are, by today's standards very high. They range from around 1.9% to 2.4% + a surcharge and a currency conversion factor of approximately 2.5% for international sales.

EBay argues that it proposal is primarily aimed at reducing fraud on its on line auction site and that its proposal would not be anti competitive.

FRAUD

This proposal will do little to stop fraud as it is now common for those person who commit fraud to use Pay Pal.

It is my contention, and that of most experienced eBay users that:

EBay has shown little interest in protecting its buyers and sellers against fraud

On any given day at any time there are literally hundreds of items being advertised that are clearly being offered by fraudulent sellers

The most basic software upgrade, by eBay programmers would stop a high proportion of this fraud

EBay regularly allows users to continue to operate even when it can be shown that sellers have not delivered goods

EBay is slow to act against those fraudulent sellers that eBay users have alerted them to. This happens time and time again.

EBay could put in place fairly simple procedures, such as phone verification or posting a letter (with a verification code) to new sellers, this would greatly reduce fraud.

On at least two occasions I have paid for goods using Pay Pal only to be advised at a later time by eBay that the seller has been de-registered and that I " should not transact with the seller " The funds I have sent via Pay Pal have disappeared and I have been forced to either chargeback the sale through the credit card company or file a dispute with Pay Pal. If the seller has no funds in their account, and, Pay Pal does not cover the full amount, then the buyer loses out

The argument that Pay Pal provides protection to buyers is flawed. In many instances the seller has only AU\$400-00 of protection which is useless if the item purchased is

a " high ticket " product or service. On the other hand all credit cards will provide 100% protection for the buyer.

Pay Pal often acts unreasonably to its sellers. It stops accounts and ties up full balances in accounts on a regular basis. It does not have a presence in Australia, that is, there are no offices which a buyer or seller can visit. Buyers and sellers are forced to deal with the USA and if Pay Pal requires any sort of proof of address, phone number etc etc, the person must fax or post this off. Pay Pal advises that this process can take up to fourteen days to resolve. While this process is continuing the sellers funds are tied up.

ON THE SPECIFIC ISSUE OF COMPETITION

The proposal by eBay is anti competitive within the meaning of the act.

It precludes other legitimate forms of payment, that to varying degrees effect the the competitiveness of the seller.

For example a regional or international seller may prefer Bank Transfer as this is virtually costless for the buyer and the seller. If we are referring to a small seller, say les than \$30,000-00 per year. They will incur a 2.4% + .30c Pay Pal charge as opposed to a maximum of .50C bank charge. If it is an international transaction they will suffer a further 2.5% Pay Pal charge as opposed to a 1-1.5% currency drop from the market rate. This reduces profitability and makes the seller less competitive to the seller who is in a location that would make pickup easier.

EBay sellers compete in an online market place, that by its very nature is highly competitive. It is close to a perfect market as buyers are able, with limited effort to view competitors pricing and compare identical and similar products. Limiting payment methods means that sellers may have to increase prices to combat the excessive fees of Pay Pal as opposed to the alternate methods of payments.

Pay Pal fees are ex gst, this means that 10% must be added to the fees in order to obtain the effective cost of the transaction. Bank Fees, Cash on delivery fees, Credit Card fees are subject to GST.

Pay Pal pays no interest on the funds that it holds, despite the fact that customers hold a positive balance. While the figure is low, banks pay interest.

Credit Card, Bank Transfers , Cash on delivery, Escrow are all legitimate alternative suppliers. The institutions who provide these services " make money " from these transactions and this proposal would affect their income.

Other recognised payment methods such as Money bookers and Bid pay would be precluded from supplying their services.

Pay Pal emails are not " confirmed " as such many international sellers will not deal with an offshore buyer

I am not aware of any other instance where a seller or buyer (not a government authority) are limited to transacting, other than in person to one form of payment. The proposition is completely outrageous. It is a decision of the buyer and the seller as to how they transact. I note that as of a few months ago eBay has withdrawn all buyer compensation unless Pay Pal is used.

CONCLUSION

It is difficult to see how this proposal could be anything more than an attempt to increase volumes through Pay Pal and presumably profitability. It is plainly silly for eBay to argue that the reduction of fraud is their primary motivation for this proposal when so much more could be done to reduce fraud levels, by other less disingenuous methods.

It is difficult to see how limiting a seller and a buyer to transact by one payment method (unless the goods are collected in person) could not be anti competitive. It is not unlike eBay to impose unreasonable restrictions and rules on its sellers, it is able to do this largely due to the lack of Government regulation in the area of online auction sales.

I would urge you not to allow this proposal.

I am a Platinum Power seller, and my name and further information have been withheld as I am concerned that eBay may take action against me for lodging this submission.

I am happy to supply all of my contact information to the ACC .