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From: Philip Cohen [REDACTED]
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Submission to the Australian Competition & Consumer Commission (ACCC) regarding eBay Australia's application to mandate exclusive use of PayPal

From a buyer's perspective I have no objection to the *option* of using PayPal to pay for a purchase as there is no fee payable by the buyer. But, from a seller's point of view I can well understand the objection to *mandatory* and *exclusive* use of PayPal.

eBay will undoubtedly have put forward all sorts of disingenuous reasons for this action (undoubtedly that of making transactions on eBay "safer" being the principal one—ho, ho, ho!) but in the final analysis the real reason is all about getting a percentage of a much larger slice of eBay's total *domestic* turnover. (You will note also that this application does not apply to "motor vehicles, motor cycles," etc, and that "cash on pick up" on all items is still acceptable.)

I suspect that ninety-nine percent of sellers already offer PayPal for *international* transactions because PayPal takes care of the currency conversion and international sellers are usually prepared to pay the fee for that "credit card" type of convenience.

However, domestic transactions do not involve foreign currency conversion and therefore traders should have the right to offer or not offer PayPal (or any other credit-card type of facility) and be able to accept payment by direct credit, or whatever, if they so choose. Certainly, as predominantly a buyer, I do not have a problem paying by direct credit those domestic traders I have dealt with previously or those that by their "feedback" appear to be trustworthy.

It appears that eBay's strategy is to first test such controversial changes in the small market of Australia: we got the outrageous concept of *absolute* anonymity of bidders first (since applied in the U.K. but not yet in the U.S.). Under no circumstances can we accept any reasons put forward by eBay at face value and I will use as an argument for that premise the reasoning put forward by eBay for the recent introduction of *absolute* anonymity of bidders.

Anonymity of bidders was introduced supposedly to stop fraudulent "second chance offers" being sent to underbidders. This is a disingenuous reason. The "second chance offer" problem—if there

really ever was one—could have been solved in several far less drastic ways, bearing in mind that the situation was *always* that if the “second chance offer” was not *also* received via the eBay website then it was not genuine:

- Access to underbidders’ email addresses could have been blocked (let’s not go into the nonsensical eBay claim that fraudsters were “guessing” email addresses from user IDs). The system-generated email that advises an underbidder of a (genuine) “second chance offer” could have been re-structured to contain little more information than a hyperlink back to the eBay website.
- If any anonymity was required then the *bidder-specific* anonymity that was until very recently in use in the U.K. and is still in use in the U.S. was quite sufficient to protect underbidders but still allowed bidders the opportunity to watch for suspicious patterns of (shill) bidding by particular individuals on a seller’s other items.

Instead, we in Australia got the outrageous and unnecessary extreme of *absolute* anonymity; a form of anonymity that serves no other purpose than to obscure shill bidding so that eBay does not have to worry about it. Bidders cannot detect what they cannot see and it follows that you cannot report what you cannot detect, and even if you do report a suspicion you can bet you will now get nowhere. Have no doubt though that, with the introduction of absolute anonymity, the despicable, criminal activity of shill bidding will now run rampant on eBay Australia.

The reason for the application of *absolute* anonymity given by eBay is disingenuous in the extreme (they have even made the absurd statement: “... this initiative has no impact on shill bidding [and] there is no correlation between hidden IDs and shill bidding.”), and I have no doubt that from the consumers’ point of view this absolute anonymity of bidding that we now suffer in Australia is a much greater threat to “fairness” and the “safety” of buyers on eBay than is this current clumsy attempt to create a PayPal monopoly.

Indeed, whether intentional or not, with the introduction of *absolute* anonymity eBay is effectively now “aiding and abetting” shill bidding. Under whatever licence(s) this organisation operates this should not be allowed. And, it beggars belief that eBay can now (again) suggest “security” as a reason for the mandatory and exclusive use of PayPal after introducing *absolute* anonymity of bidding, the only effect of which is to allow shill bidders to “rip off” buyers with impunity.

And from another perspective, why would the ACCC even consider considering this matter of PayPal before eBay has tried it on in their own home country?

A detailed comment on eBay’s introduction of *absolute* anonymity attached, and updates on this and other eBay matters at:

<http://www.auctionbytes.com/forum/phpBB/viewtopic.php?p=6497776#6497776>

Regards
Philip Cohen

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