

**Roy, Lauren**

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**Subject:** eBay International A.G. notification N93365 [SEC=UNCLASSIFIED]

**From:** Moshe Reuveni

**Sent:** Wednesday, 30 April 2008 10:12 PM

**To:** Roy, Lauren

**Subject:** Re: eBay International A.G. notification N93365 [SEC=UNCLASSIFIED]

Dear sir/madam,

As a regular user of eBay over the past few years, I would like to submit my arguments against eBay's proposed overhaul of its item payment procedures, namely its monopolization of PayPal as effectively the only available paying method for all eBay users in Australia.

I use eBay as a private person in order to stuff I no longer use in the hope of helping with the recycling of still functional items while making a bit of extra money to pay the bills. I am very thankful for eBay, as it so far provided me with a very workable platform with which to achieve the above.

While I suspect small time eBay users like me are not responsible to the vast majority of sales taking place under eBay, it is clear that people like me make the majority of eBay users; therefore, our opinion is just as important as the opinion of the big companies who stand to make a lot of money out of the proposed policy changes.

Following are my list of "small time user" arguments against eBay's proposal:

1. Transaction cost: PayPal charges a fixed cost commission plus a percentage commission. It doesn't sound like much, but it all adds up when you add it to the cost of publishing an item on eBay and the commission eBay takes out of the final selling price. With PayPal, profits are significantly eroded.
2. Profitability of selling small items: The problem of transaction costs is magnified when selling small items, the way I often do through my aspiration to find my previously beloved stuff a loving home. Let's say I'm selling a \$5 item: Between the cost of publishing it on eBay and then the fixed cost of PayPal commission, I will be a fool to bother trying to sell the item in the first place as my profit would be minimal compared to the effort involved with making sale. eBay's new proposal will remove small sellers' ability to sell small items, yet it is exactly the ability to sell small items that makes eBay such an attractive market in the first place; that is what eBay started with a few years ago when people like me were its core users.
3. Buyers' PayPal aversion: Many potential buyers do not like to pay using PayPal; the process you need to go through in order to register your credit card on PayPal and verify it is rather tedious and often intimidating to those who don't want to put their financial information over the web.
4. PayPal safety: Buyers' fear of using PayPal is very sensible, as PayPal gives direct access to your wallet to any would be hacker who manages to crack its password protection. Internet safety experts are very much of the opinion that password protection is not particularly robust, and relies mainly on the effort it would take the hacker to crack it rather than its inherent safety.
5. Infrequent buyers' accessibility: There are many eBay beginners or those that rarely shop on eBay. Why should they be forced to create a PayPal account and wait through the couple of weeks it takes to confirm it before they can buy or sell items?
6. Retrieval of earnings out of PayPal: Once you sell your items on eBay and you get paid via PayPal, retrieving the money that is yours is far from trivial. PayPal only allows you to retrieve the money if a minimum sum has been accumulated (\$150, if memory serves me right). This sum is not that trivial an amount to a small time seller like me; I can clearly see, however, how much money eBay can make out of interest alone through sellers who are not in a position to withdraw their earnings out of PayPal or who take time doing so.

7. PayPal complexity: As the PayPal rules and regulations I have mentioned so far indicate, PayPal users are easily overwhelmed with the bureaucracy involved in managing a PayPal account. From its initial creation and verification through to the procedure for acquiring the money that is rightly yours out of PayPal, PayPal is inherently complex and not user friendly.
8. Viability of other payment methods: I have sold about 150 items on eBay by now, most using direct bank transfers. So far, none of my transactions went wrong and other than cases where the buyers refused to stand up to their commitment to buy I always got my money on time. I never felt the need for a better payment method; if anything, I appreciated bank transfers as a payment method that is free and available for everyone to use.
9. PayPal user service: PayPal only offers user help through the internet, via email communication. My experience shows this method to be ineffective; the service I have received from PayPal so far was very bad, with my queries answered in a very lackluster manner. I would rather bang my head against a wall than ask PayPal for help.
10. Similar services to PayPal: If PayPal is as good and as safe as eBay claims it to be, why doesn't eBay allow services similar to PayPal to be used as payment options? In Australia, one can use the services of PayMate (<http://www.paymate.com.au/>). PayMate used to be the payment method recommended by eBay until eBay acquired PayPal. Since then, eBay seems to have suffered amnesia with anything concerning Paymate.

In conclusion, I think it is fair to say that eBay's proposal to limit payment on its website to PayPal alone is motivated only by eBay's will to increase its profits. The proposal is obviously illegal as it restricts basic trading freedom. The only reason why eBay would be allowed to get away with their proposed overhaul is them being a big and influential company, strong enough to stand above the law. It is the ACCC's duty to ensure this does not take place.

Sincerely,  
Moshe Reuveni  
Melbourne