

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

From: Speed Graphics [mailto:  
Sent: Monday, 16 June 2008 10:21 AM  
To: Adjudication  
Subject: Spam: Re: Notification N93365

**EXCLUDED FROM  
PUBLIC REGISTER**

\*Response to Ebay International A.G. Notification N93365\*

Dear Sir/Madam,

Reply to further submission by eBay 10 June 2008.

Ebay's submission, dated 10 June 2008, notes recent events that they feel impacts on the decision (section 4.1):

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I have been a seller on both Ebay and Oztion for some time. I am in a position where I am able to offer identical items on both sites simultaneously. Due to eBay fees being higher than Oztion fees, the items listed on eBay are listed at a higher price than on Oztion.

My average listing-success rate is around 40-60 items per month on Ebay. In the previous month, I have made 3 sales on Oztion, compared to 55 on eBay. This is despite the average 10-15% lower price that I offer on Oztion.

This would suggest that while the Oztion site has grown, there is not at this time significant membership in order to drive similar sales to those achievable on eBay. The growth rate does also not appear to be increasing at a speed that is satisfactory to many sellers (including myself) that rely on eBay for 100% of our income.

Currently my average breakdown of payments that I receive are as follows:

59% Direct deposit  
38% Paypal  
3% Money order or cheque

I have asked many of my buyers that chose to use direct deposit for payment whether they would be happy to use Paypal if it was the only method they were allowed to use. 40% of respondents indicated that they would not be willing to use the Paypal platform due to previous problems or simply because "it's more difficult".

This means that if the the notification is not revoked, I stand to lose around 40% of buyers who would previously have paid by direct deposit.

I offer many items that are all very similar, but range in price from \$10 to \$100. Interestingly, I receive the following approximate ratios:

2:1            Paypal:Direct deposit for items priced under \$50  
1:2            Paypal:Direct deposit for items priced over \$50

This would suggest that many buyers are not concerned with the claimed buyer protections that are available through Paypal that may not be available through other payment methods. Indeed, my research suggests that offering a more secure postage method (such as registered post) which provides insurance for breakage or loss in transit is more important to buyers than their payment method.

Ebay also noted in it's first submission that they would increase the buyer protection on implementation of "The Project" from \$3000 to \$20,000. Ebay has subsequently introduced this policy anyway despite the

notice to revoke the notification.

Further to this, considering that the average amount of an eBay sale is less than \$160, the increase in buyer protection will have little to no affect on most listings.

The Paypal system is also problematic for the following reasons:

1. Customer support that is located offshore and only available during business hours.
2. Unhelpful and poorly trained support staff who have little to no knowledge of specifically-Australian issues (such as Australia Post postage methods).
3. E-mails to Paypal are usually replied to with cut-and-paste answers that frequently don't address the issue at hand.
4. Paypal are exceptionally slow to respond to e-mails. I personally have been forced to wait for over 2 weeks for a reply to a specific problem that required urgent attention.
5. The Judge-Jury-Executioner style approach to dispute handling. Paypal is not equipped with much of the factual detail that is required to make a correct judgement in claims and as such frequently makes decisions that cause financial loss to a buyer or a seller through no fault of their own.
6. Paypal's protection policies have specific and demanding requirements for them to be valid, meaning that it is easy for a buyer or seller to think they are protected when they are not.

If the notification is allowed to proceed, it is extremely likely that no effort will be made by Paypal to address any of these issues as they will no longer have any reason to innovate in order to provide a better service than the competition.

Ebay also attempts to claim that Paypal allows for greater security because financial details are not shared between parties.

Direct deposit does not require a buyer to reveal any financial details to the seller. A seller must obviously provide their bank details for the deposit, but there is no particular risk in doing so as the numbers can only be used for deposits without physical proof of identity. Therefore, any perceived benefit to buyers in this regard are illusory.

Due to geographic issues, offering pay-on-pickup is not available to most sellers, therefore, if the notification is allowed to proceed, the sole payment method allowed on eBay will be Paypal. This provides a single point of failure in the system. Paypal is already the subject of significant phishing attacks and this will potentially increase if the number of people who have Paypal accounts increase. Paypal is also not immune to other problems such as hacker and DDOS attacks. If the notification is allowed to proceed, if Paypal becomes inaccessible, no payments can be sent or received. This means that sellers may lose sales and buyers will be unable to pay for items.

In conclusion, I support the ACCC's decision to revoke the notification.

Sam Taylor  
Speed Graphics