

Macrae, Tess

Subject: FW: eBay/Paypal proposed restrictions. [SEC=UNCLASSIFIED]
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From: [mailto:
Sent: Thursday, 19 June 2008 11:00 AM
To: Adjudication
Subject: eBay/Paypal proposed restrictions.

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Thank you for acknowledging my submission on 6th June.

After further consideration I can only seek to reinforce my objections to eBay forcing sellers and buyers to use their subsidiary, Paypal.

eBay's contention that it has been put forward to 'make eBay more secure' is a furphy. I have been dealing on eBay as both a buyer and seller for several years and have yet to have any experience with deliberately fraudulent transactions or payments. Those transactions in which problems arose were invariably due to seller/buyer ignorance, stupidity or carelessness – nothing that cost me money and mostly dealt with by direct email exchange between the two parties rather than any reference to Paypal.

Paypal expound their buyer protection measures but I have found, when paying through Paypal using a credit card (as opposed to using my Paypal balance), it is far better to go through my financial institution to recover funds in the case of non-delivery or incorrectly described goods. On the two occasions I have done this Paypal made it clear they were not happy with buyers who bypassed their own dispute procedures and, while nothing was directly threatened, there was a distinct air of "don't do it again" about their communication.

I acknowledge that I was in error in my first submission in suggesting that buyers were put off by Paypal fees – of course using Paypal doesn't cost the buyer anything, however, I am sure that most sellers include an allowance for Paypal fees when deciding the starting price of each auction and pass the cost on to the buyer – I know I do. On the other hand I make it clear to buyers that I will accept payments in whatever form they prefer; Australia Post money order, direct bank deposit, cheque or even cash – any way that they are comfortable with or will save them money.

For the seller, Paypal fees are constantly nibbling away at returns. As well as the 2.4% fee on every incoming transaction, there is a 2.5% fee attracted by exchanging currency, actually collected it seems by applying a modified exchange rate which in my experience is usually about 3% below the official rates, not 2.5%. Withdrawing less than \$150 to my bank account attracts a fee of \$1.00 and finally, there are the delays in withdrawing Paypal funds to my bank account – often at least five working days when other electronic transfers are finalized within hours. Even payments made to me by sellers who transfer the money from their bank account to Paypal are delayed, again for at least five (working) days and often, again in my experience, longer. Where are these funds in the intervening time? Who is earning interest from them while in limbo?

I contend that eBay/Paypal needs no special consideration to enhance its security. It was reported recently that the signing up of new buyers had 'plateaued' and I believe this proposal, and other contentious changes (especially the denial of the right of sellers to comment negatively on a poor transaction), are aimed at increasing eBay's attractiveness to new buyers, as well as increasing income by locking out the competition.

I know the ACCC is mainly concerned with the anti-competitive nature of the proposed changes and most of the above is of little concern, but these are some of the things I, as a seller as well as buyer, am concerned with. Personal pick-up of items purchased on eBay is quite rare in my experience and of course is only practical if the parties live or work in close proximity and the seller is willing. As up to ninety percent of my buyers have been overseas or interstate, it has hardly been an issue for me and I suspect most sellers would be in the same situation. In my view there is a potential for up to 99% of payments to go through Paypal if this proposal goes ahead. The potential profits must be huge and I have no doubt this is foremost in eBay's reasoning for the changes.

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