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Subject: FW: eBay/Paypal issue [SEC=UNCLASSIFIED]
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From: J.C. [mailto:
Sent: Friday, 27 June 2008 12:40 PM
To: Adjudication
Subject: eBay/Paypal issue

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To whom it may concern,

While Paypal is a useful service with the obvious benefits of facilitating International transactions, the idea that it is currently being forced onto people who do not wish to use it due to personal reasons based on financial and comfort levels with using such a service is a bit of a problem.

The very fact that eBay themselves have stated in their own submission...

2.5 The Project is intended to address a market failure that affects the integrity of the eBay platform, eBay's business and consumer acceptance of online marketplaces. This failure occurs because:

1. *eBay sellers choose the payment system(s) they will accept for transactions;*
2. *eBay sellers have a natural incentive to accept the payment method(s) with the lowest net cost to them;*
3. ***there is imperfect information about the relative risks and benefits of payment systems between sellers and buyers that education alone cannot redress, particularly where sellers are able to dissuade buyers from using safer (but generally more costly) payment methods;***
4. *buyers who have a single negative purchase experience will be reluctant to use eBay (or other online buying platforms) again and are likely to influence others; and*
5. *the two-sided nature of eBay's market means that a reduction in available buyers will lead to a reduction in sellers, with a continuing feedback effect.*

...would indicate to me that as eBay has failed to encourage the use of Paypal...

- with the sheer amount of in house advertising for their own product on their own website,
- using massive banners,
- preferential placement for buyers to select Paypal
- and "technical difficulties" that obscure the availability of other forms of payment

...that eBay has taken it upon themselves to force everyone who uses eBay as a Seller to offer Paypal as an option.

Though I have always offered Paypal, I can certainly understand the reluctance of others to offer this very same service.

Seemingly every week (and sometimes multiple times a day) I receive phishing e-mail carefully constructed to waylay the unwary into providing their User details (including password) to Paypal...as compared to phishing e-mail targeting my bank accounts.

While the banking system is not perfect, they continue to seek their customers through competition between banks and their ability to sell their product.

Simply put...

A failure to educate your customer base is not the fault of the customer, it is the fault of the business.

...and eBay is treating their customers (sellers who pay fee's to be allowed to sell on eBay, whether an item sells or not) as little more than 3rd rate employee's (with no entitlements beyond being "encouraged" to sell more under threat of having their account restricted or worse) while they treat their "Product" (in this case Buyers (which apparently must be pointed out includes Sellers who typically started out buying on eBay first)) as of far more value...

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...something that eBay does not really seem all that concerned about, with references to upset sellers being little more than noise, uneducated or just troublesome.

The results of this "Project" are obvious...

After 5 years of being signed up with Paypal, I have had a grand total of 20 verified Paypal customers, that is to say that 20 accounts that paid me had a credit card and/or bank account linked to it allowing Paypal to access funds through that method.

Since eBay began forcing sellers to accept Paypal, almost overnight (Since Paypal became mandatory for sellers when selling on eBay), **my grand total of 20 verified Paypal customers has jumped to 120 verified accounts, an**

increase of 6x the number of account holders who have apparently been forced to add their bank account and/or credit card details to their Paypal account.

Something that over a period of 5 years has apparently not been something they felt the need to do. How many of these are only buyers as compared to Sellers on eBay is unknown, the fact that it came about when eBay forced sellers to offer Paypal is a fair indicator though.

So what exactly is Paypal?

Simple, Paypal is a middle-man (Third Party) who offers a service to fund monies between parties so that they feel safe while obtaining a fee for the processing.

A service that can just as easily be offered by the existing banking system.

All the banks need to do to offer this very same service is to allow customers to feel safe, is to arrange for payment by way of an approved e-mail address linked to their account (an account that can be set up aside from their regular account/s with available funds only being sourced from this account). This would in turn allow quick transfer of funds between the customers accounts, allow for interest to be earned (and ideally as a part of the existing account, no additional fee's attached due to the customers funds remaining with the bank until used)

Ideally an e-mail address that is generated from domain names owned by the Banking Ombudsman (An independent third party) rather than by way of e-mail addresses that may change due to lack of use (Customer forgets, customer dies, services shuts their account down due to lack of use)

A service that would be protected by the banking systems own firewalls, subject to the banking service requirements for operating within Australia (and something that can be fast tracked on a global level to other members within the Banking industry who are ideally setup to offer such a service)

But by forcing Paypal only on eBay, such a service, which is far superior in safety (which is something eBay claims is their primary motivating reason for this decision) would never be available on eBay.

And seriously, in the end, though I find the banking system to be rude, lacking in morals and at times a pitiful excuse for a service...

I find eBay's stand over tactics and inability to update their own site (including the continuing technical difficulties regarding payment options and the simple inability to run a service that is prone to error (Every time I relist an item I have to double check qty to ensure that it matches what it last said)) far more obscene.

Combine that with the efforts to discredit the ACCC and anyone that speaks out

against them.

Simple truth guys...

It is cheaper to maintain an existing customer base than it is to recruit a new one...and if you upset a customer, they tend to tell everyone with the follow on result of those people in turn telling others (Nothing like hearing from your local check out chick about the evils of eBay while standing in line to buy the groceries)

Previously, when I was new to eBay and I was screwed over by a seller, I blamed the seller, not the venue (If I get ripped off in a Westfield, I don't then go and ignore all Westfields, I will however be more likely to visit the shop next door.)

What I would like to see the ACCC do!

Act against the "project" for use in Australia.

Require the following:

1. Immediate suspension of any requirement for Sellers to use PAYPAL ONLY.
2. Immediate return to the previous option that allowed the seller to offer their preferred methods of payment whether that included Paypal or Not.
3. eBay be required to provide a fair and level playing field for ALL payment options that are chosen by the seller to use.
4. Both eBay and Paypal be held liable for the services they offer within appropriate requirements (It is a bit of a concern when you read the fine print and discover just how little value there appears to be in an increase of Buyer protection to \$20,000)
5. eBay and Paypal be required to be up front about their services and the lack of responsibility they claim.

I for one will continue to offer Paypal, but I assure you, If I had an alternate option with similar market dominance, I would be rethinking my selling on eBay (Especially since traffic has dropped by 60%-80% since eBay began to implement the "Project") all it will take (Based on my current understanding of eBay and similar levels sales via others who report this happened to them) is a single negative and my business dealing will be destroyed on eBay (My current feedback is 100% (With a score close to 1000) with DSR's of 5, 4.9, 5, 4.8...the last two which look like they are about to slip a notch due to eBay "encouraging" honest feedback)

James