



**EXCLUDED FROM
PUBLIC REGISTER**

2.6.08.

Dear Lauren,

Thank you for the opportunity to attend the meeting on Monday in relation to eBay International A.G. Notification N93365.

It was noteworthy that even the most vociferous Paypal supporter also said she liked to give her buyers a choice of payment methods.

I should like to formalise my submission in this matter.

In order to satisfy the "public benefit" requirement in regard to the notified behaviour, eBay/Paypal have placed great emphasis on the concept that Paypal is "safer" than other available payment methods. Indeed, I did not hear them advance any other argument in regard to potential public benefit; nor have I seen any other argument posted by them. Instead, "Paypal is safer" has been constantly reiterated.

Unfortunately I do not feel they have proved this to be the case in the Australian context.

There is a big difference between consumer banking practices between the USA and Australia.. As one forum member with experience in both countries commented to me:

"Yes, I used DD (Direct Deposit) a lot in Au.

It is SO different here in USA. People here still get paid by cheque/check and cash. They run special campaigns to try to get employees to get DD. But it's not at all common. Whereas, in Au, I don't think I've been paid anyway but DD since the late 80s, early 90s." - artistjillian

In Australia Direct Deposit is well proven, popular and perceived as very safe.

There is much made of the \$20,000 buyer protection offered by Paypal. But how, exactly, is this intended to work? At present if I file a dispute because of an item not being as described, or not having arrived, I am likely to get my money back and this is recovered by Paypal from the seller's account. This has nothing to do with \$20,000 worth of protection. This is the equivalent of a Credit Card Chargeback.

Ebay Motors AU offers \$20000 worth of Vehicle Purchase Protection under certain conditions

but this seems to be independent of Paypal:

http://pages.ebay.com.au/motors/Vehicle_Purchase_Protection.html

With Real Estate (which I am delighted to note is always described as “pick-up only”) you are not in fact risking any money at all by bidding since:

“ By bidding, you are not entering into a contract to purchase this property. You are, however, expressing serious interest in the property and in pursuing contract discussions in the event you win the auction. ”

For what other categories am I likely to require \$20,000 worth of protection as a routine matter?

Digging around, the protection only seems to apply to “eligible purchases”, whatever they are.

In any case this protection does not seem to be available if I use Paypal but also pay through my credit card, which I consider “safer” at least in part because I understand the protections offered by my credit card company, and I do not understand or trust those offered by Paypal.

Horror stories like this:

http://www.aboutpaypal.org/paypal/terms_of_use

do not reassure me.

Terms of Service such as this:

*“Account holds, freezing or closure: In certain circumstances, PayPal may limit your ability to send money or make transfers from your PayPal Account. This may occur for a variety of reasons including suspected fraud, **sudden changes in the amount or number of transactions by you**, if you abuse the PayPal Service or if you breach the User Agreement, Acceptable Use Policy, or any other policy or agreement to which you have entered into with PayPal related to the PayPal Services.” (My emphasis)*

do not reassure me.

(This implies that my account can be frozen because - say - I suddenly list the contents of my aunt’s house that I have inherited, when my usual listing pattern is two items a week.)

Lastly, I have also a concern as to whether or not Paypal have in fact sufficient reserves to adequately cover the accounts that are held with them.

We are told: *“Any money in your PayPal account will be pooled with money from other holders of PayPal Accounts and deposited by PayPal with a licensed bank. PayPal keeps a record of any money in your PayPal account.”*

<https://www.paypal.com/au/cgi-bin/webscr?cmd=xpt/UserAgreement/ua/PolicyPDS-outside>

OK - which bank? Licensed where?

Many small and hobby level eBay sellers are also buyers; it is convenient to use the balance from a sale to make the next purchase, and this is heavily encouraged by Paypal. I am not sure it is even possible to pay another way if there is a positive balance in your account - I've never found it, if so. The Paypal balance always seems to be drawn on first.

Does this matter? Yes. There are a very large number of “small and hobby level” eBay sellers who are also buyers. So the amount of money that sits in their accounts at any one time is probably quite significant. And as long as that money simply churns through from one account balance to another it might not be supported by actual currency.

An Australian bank is subject to strong regulatory scrutiny and support legislation to ensure that its account balances are properly backed. Paypal is not. I cannot regard it as safer than a bank.

Accordingly I would request the ACCC to disallow the notified behaviour unless a much stronger argument as to why the public advantage outweighs the detriment to the public. The current argument - “Paypal is safer”- seems to me to be specious.

Paypal is safer? For whom?

Regards,

Angela Cockburn
(eBay member)