

Subject to Copyright. See Copyright information at the end of this article.

ACCC setback for eBay

Julian Bajkowski

The Australian Financial Review | 13 Jun 2008 | Page: 3 | News

A bid by eBay to use Australia as a launch pad to lock millions of buyers into using its PayPal payment systems was in tatters yesterday after the Australian Competition and Consumer Commission indicated it would reject the plan as anti-competitive.

The regulator's initial decision was a blow for the \$US36 billion (\$38 billion) company, which has sought ways to bolster its revenue amid indications that demand for online auctions has started to cool.

eBay claimed its plan to mandate PayPal from June 17 would be safer for consumers.

But it generated a backlash from online merchants, who sent more than 650 submissions to the ACCC arguing against the plan.

In an influential submission, the Reserve Bank of Australia also warned that competition among online payment providers could be stifled by the eBay plan.

eBay spokesman Daniel Feiler said the company was reviewing the ACCC's decision and declined to comment on a possible appeal to the Competition Tribunal.

eBay had planned to start excluding PayPal's competitors from offering their services on the website by June 17. Mr Feiler did not indicate whether eBay would still seek to do so.

Banks and rivals cautiously welcomed the decision, but Paymate chief Dilip Rao said eBay "still has many options, including toughing it out and daring anyone to take them on in court".

© TM © | afr.com material is copyright & is published by Fairfax or under licence. Except for the temporary computer cache copy & a single permanent copy for personal reference, it may not be used, copied, reproduced, published, distributed, sold or resold, stored in a retrieval system, altered or transmitted in any form or by any means in whole or part or otherwise disseminated to others (except by fair dealing) without the prior written approval of Fairfax or the relevant licensor. AFR, afr.com, the AFR logo & the newspaper mastheads are trademarks or registered trademarks of Fairfax & its related bodies corporate. Other trademarks & logos of a third party may be displayed from time to time, but no display grants any licence or right of use of any such trademark or logo without the express written permission of the relevant owner.