



# Target Market Determination

For PayPal Pay in 4

provided by PayPal Credit Pty Ltd (**PPC**) (ABN 66 600 629 258)

## 1 About this document

### When to use this target market determination

This target market determination (**TMD**) details a description of the likely objectives, financial situation and needs of consumers in the target market for the PayPal Pay in 4 product issued by PPC (**PayPal Pi4**), a description of the product, including its key attributes and an explanation of why the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market.

This document is not intended to provide financial advice nor is it designed to encourage consumers to apply for credit. Consumers must refer to the PayPal Pi4 terms (available [here](#)), which outline the relevant terms and conditions under the product when making a decision about this product.

### Product to which this target market determination applies

This TMD applies to the PayPal Pi4, 'buy now pay later' product.

### Date from which this target market determination is effective

5 October 2021 (the **Effective Date**).

## 2 Class of consumers that fall within this target market

The information below summarises the overall class of consumers that fall within the target market for this product, based on the product key attributes and the likely objectives, financial situation and needs that it has been designed to meet.

### Background

The PayPal Pi4 product is issued by PayPal Credit Pty Ltd (PPC) which is a related entity of PayPal Australia Pty Ltd (PPAU). Both PPAU and PPC are wholly owned by PayPal Pte. Ltd. PPAU is an Authorised Deposit Taking Institution (**ADI**) that has the authority to provide Purchased Payment Facilities (**PPF**), offering online "digital wallet" accounts that enable consumers to buy and sell goods and services online and to send and receive money for personal transactions that do not involve a purchase, i.e. the payment is not for goods or services online. PPAU distributes the PayPal Pi4 product through the PPAU digital wallet.

### Class of consumers

PayPal Pi4 has been designed for use by eligible Australian residents over the age of 18:

- who hold, or are eligible to hold, a PayPal Personal Account<sup>1</sup> that is in good standing and that is linked to a valid funding source;
- have been credit assessed, where deemed necessary, and
- who require low cost, safe and easy to use, short-term installments to make online purchases for domestic, personal or household purposes and have the capacity to make PayPal Pi4 repayments as and when they fall due (the **Target Market**).

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1. To see the target market determination for the PPAU Personal Account, visit [here](#).

## Product description and key attributes

PayPal Pi4 is a 'buy now pay later' product that enables consumers to purchase goods and services online and to pay for the purchase price over three fortnightly interest-free instalments, with the first quarterly instalment due at that time of the transaction. The PayPal Pi4 product is suitable for individuals that:

- are Australian residents;
- are at least 18 years of age;
- hold a Personal PayPal Account in good standing;
- have met PPAU's onboarding requirements; and
- meet certain credit requirements.

The PayPal Pi4 product is for personal, domestic, or household purposes only. Transactions are paid through four interest-free instalments, the first of which must be paid at the time of purchase and then one further instalment each fortnight over the following three fortnights.

The PayPal Pi4 product is limited to eligible purchases between AUD\$30 - \$1,500. The consumer can elect their method of repayment. Repayments cannot be made by using gift vouchers or other special funding arrangement. Repayments are automatically deducted from the consumer's chosen repayment method.

Consumers can elect to repay the outstanding balance or part thereof at any time without penalty or fee.

Pi4 is only available to eligible consumers and on eligible purchases with a minimum value of AU\$30 and a maximum value of AU\$1,500<sup>2</sup>. Consumers may elect to use multiple PayPal Pi4 contracts on various purchases but approval for each individual PayPal Pi4 plan will be determined by their credit assessment, account and repayment history.

All PayPal Pi4 transactions are made in AUD and if a purchase is made in a foreign currency it will be converted to an AUD amount before the consumer elects to pay using the PayPal Pi4 product. The consumer will be responsible for paying any foreign exchange charges but has no foreign exchange risk through the use of the PayPal Pi4 product.

PayPal Pi4 users have the benefit of the following safeguards and protections:

- PPC's credit assessment and eligibility process which may include credit enquiries made with a Credit Reporting Body (**CRB**).
- Consumer reminders about PayPal Pi4 repayments and an ability to make ad hoc repayments at any time without fees or penalty;
- mistaken and unauthorised transaction liability protections contained in the ePayments Code;
- PPAU's chargeback and refund policies<sup>3</sup>;
- PPAU's Buyer and Seller Protection Policy (exclusions apply to some types of transactions including real estate, vehicles, financial products)<sup>4</sup>;
- PPC's hardship and vulnerability policies<sup>5</sup>; and
- recourse via PPC's internal dispute resolution process as well as the Australian Financial Complaints Authority<sup>6</sup>.

## Needs and objectives

The PayPal Pi4 product has been designed for consumers who want an installment payment option for purchases valued between AU\$30 – AU\$1,500 and who want to pay for eligible purchases in installments over a short period of time in a safe and cost-efficient manner.

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2. Minimum and maximum purchase limits are subject to vary, where approved by PPAU for select merchants.

3. For further information on PPAU's chargeback and refund policies, visit PPAU's User Agreement [here](#).

4. For further information on PPAU's Buyer and Seller Protection Policy, visit PPAU's User Agreement [here](#).

5. For further information on PPC's hardship safeguards, visit our website [here](#).

6. For further information on PayPal's complaints handling process, visit PayPal's User Agreement [here](#).

**Excluded class of consumers**

The PayPal Pi4 product is not targeted towards business customers, minors, or to those seeking to fund purchases in respect of certain goods and services, including gambling, non-profit, cryptocurrency trading, peer to peer payments, contracts for difference (**CFD**) and foreign exchange (**Excluded Goods and Services**).

The PayPal Pi4 product is not designed for high-value transactions or for commercial purposes. It is not designed for investment purposes or to leverage a consumer into an investment product.

Pi4 is not designed for consumers that engage in activities that do not comply with PPAU's Acceptable Use Policy (See link [here](#)).

**Financial situation**

This product has been designed for individuals who meet PPC's credit assessment requirements, and who are therefore deemed able to make fortnightly repayments of amounts borrowed.

**Consistency between target market and product**

This product is designed to be consistent with the likely objectives, financial situation and needs of the class of consumers in the Target Market. This is based on an analysis of the key terms, features and attributes of the PayPal Pi4 product and a finding that these are consistent with the identified class of consumers. As the PayPal Pi4 product has been designed for consumers who want an instalment payment option, the transaction price is payable over three fortnightly interest-free instalments, after a down payment is made at the time of purchase. Similarly, as the PayPal Pi4 product has been designed for personal, domestic, or household purposes, only consumer, not business accounts are eligible.

### 3 How this product is to be distributed

The PayPal Pi4 product is only available to eligible consumers with a PPAU Personal Account through PPAU's digital wallet. Application for the product must be submitted via PPAU's online or mobile application processes. These processes include the collection and verification of all required information to satisfy credit and eligibility assessment criteria. PPC may also use data from a CRB to assess a consumer's application.

The Personal Account opening process is limited to PPAU's own proprietary online channels.

PayPal provides online merchants that offer PayPal payments with the ability to enable their consumers to pay using PayPal Pi4 via the merchant's checkout. This process is undertaken as a referral. Merchants do not provide product advice to their consumers or otherwise assist in the product application process. Consumers must agree to the PayPal Pi4 terms and conditions as part of the PayPal Pi4 online application process, prior to a credit review being undertaken, and an application being approved.

#### **Distribution channels**

The PayPal Pi4 product is distributed to consumers through PPAU's website.

#### **Distribution conditions**

Advertising is targeted to reach Australian adults and placed at times and places (virtual and real) where consumers are likely to be receptive to receiving installment payment information or to be making purchases. Advertising is not undertaken at places, times or in a manner that targets minors and/or consumers who are seeking to fund transactions for Excluded Goods and Services.

The PayPal Pi4 product is available through PayPal's 'digital wallet' for users with an active Personal Account in good standing. Other than its related body corporate PPAU, whose digital wallet platform allows the PayPal Pi4 product to be offered to eligible consumers, PPC does not use third party agents or distributors to sign up or contract on PPC's behalf in respect of potential consumers.

Ongoing monitoring by PPAU of the PayPal Pi4 consumers to enable PPC to understand whether the product continues to meet the needs, objectives and financial situation of the target market in accordance with the PayPal Pi4 key attributes.

#### **Adequacy of distribution conditions and restrictions**

PPC has determined that the distribution conditions and restrictions will make it likely that consumers who use the PayPal Pi4 product are in the class of consumers for which it has been designed. We consider that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the Target Market for whom the product has been designed.

#### 4 Reviewing this target market determination

PPC has implemented the following monitoring program for PayPal Pi4, which is designed to trigger a review of this TMD:

<b>Initial review</b>	One (1) year from the Effective Date..
<b>Periodic reviews</b>	At least every year from the Initial Review.
<b>Review triggers</b>	<p>Any event or circumstances arise that would reasonably suggest the TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none"><li>• a material change to the design or distribution of the product, including related documentation;</li><li>• a significant dealing of the product to consumers outside the Target Market occurs;</li><li>• distribution conditions found to be inadequate;</li><li>• external events such as material adverse media coverage or regulatory;</li><li>• a significant increase in the number of consumers with the PayPal Pi4 product who enter into collections or hardship; and</li><li>• a significant increase in the number of internal complaints or complaints made to the Australian Financial Complaints Authority in relation to a consumer's acquisition or use of the product.</li></ul>

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days of PPC's and/or PPAU's awareness of that trigger.

#### 5 Reviewing this target market determination

PPAU, as the distributor of the PayPal Pi4 product, will collect and report on the following information in relation to this TMD.

<b>Complaints</b>	We will collect information on all complaints in relation to this TMD on a monthly basis. This will include written details on the number and substance of complaints and general feedback relating to the PayPal Pi4 product and its performance.
<b>Sales data</b>	We will collect information on PayPal Pi4 product applications, approvals and rejections and consumer data in relation to this TMD on a quarterly basis.
<b>Significant Dealing</b>	We will collect the date or date range of significant dealings and the description of the significant dealing as soon as practicable, and in any case, within 10 business days after becoming aware of the significant dealing.