

Target Market Determination

Payment Services: White-Label Buy Now Pay Later

Issuer: Flip Money Pty Ltd trading as "FlipPay" (48 640 607 932).

Issue Date: 1 October 2021

Review Date: 1 October 2022

1 About this Target Market Determination

1.1 Introduction

This target market determination (“**TMD**”) details a description of the likely objectives, financial situation and needs of customers that require a payment option to spread the cost of purchases into multiple repayments over time, while attracting no interest costs (“**Payment Plan**”).

A description of the product for this TMD, including the key attributes and explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market is provided in this document. Customers must refer to the relevant terms and conditions under the product when making a decision about this product.

This TMD is required under section 994B of the Corporations Act 2001 (Cth). This document is not intended to provide financial advice. It forms part of FlipPay’s design and distribution framework for the product.

1.2 Product to which this Target Market Determination applies

FlipPay provides customers a customisable payment plan for transactions up to \$2,000. This product is available to a retail consumer base and enables consumers make purchases followed by a series of interest free repayments over time.

FlipPay partners with platforms and merchants to **provide a white-label payment plan product. The product** requires all purchases to be paid off in recurring interest free instalments, up to 60 days. We do not enable customers to have multiple payment plans with the same merchant at the same time.

The product suitability has been designed for customers within specific industries.

1.3 Date from which this target market determination is effective

1 October 2021 (the Effective Date).

2 The Target Market

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

2.1 Background

FlipPay’s payment solutions enable merchants to offer their own branded payment plans to their consumers to make purchase of goods and services and defer the payment for

these purchases by spreading the purchase price into a series of interest free instalments over time.

At the time of a purchase and successful payment plan activation, the Customer pays a deposit (between 20% and 25% of the purchase price depending on the Payment Plan) followed by a series of 3 or 4 interest-free instalments for the balance of the purchase price in accordance with the Payment Schedule agreed by the Customer.

2.2 Target Market for the Product

The product is designed for individuals who:

- require a flexible line of credit between to make purchases or pay invoices;
- require a digital-only product;
- want an interest free line of credit; and
- would benefit from a product that is zero cost upfront.

(the **Target Market**).

2.3 Eligibility

To be eligible for a Payment Plan, a customer must;

- be at least 18 years old;
- be a permanent resident or citizen of Australia;
- verifiable mobile telephone number and a valid address in Australia;
- hold a valid ID with either a driver's licence or passport;
- have an Australian issued debit/credit card to apply;
- purchasing from an authorised merchant; and
- be able to pay a deposit immediately as the first instalment.

Customers must be able to access the product through digital means and have not previously defaulted on a payment plan with FlipPay.

2.4 The appropriateness of the product for customers

FlipPay has concluded that this product is consistent with the likely objectives, financial situation and needs of individuals in the Target Market.

Specifically, the product is designed for consumers who have the financial capacity to service the ongoing financial obligations (including fees, if any) and repay the funds over time.

3 Product Description and Design

A summary of the product attributes which may apply are set out below:

Purpose	▪ Purchase of Goods or Services
Exclusions	▪ Commercial purchases

Funding Amount	<ul style="list-style-type: none"> From \$200 to \$2,000
Term	<ul style="list-style-type: none"> Pay in 4: (fortnightly 42 days) Pay in 5: (fortnightly 56 days) Pay in 8: (Weekly 49 days)
Fees	<ul style="list-style-type: none"> Service Fee (Option to be paid by merchant or end customer) Late Fees (maximum of 2 times)
Repayment	<ul style="list-style-type: none"> Pay in 4: 25% of total amount is charged upfront with three (3) more automatic equal payments each coming due every fourteen (14) days thereafter. Pay in 5: 20% of total amount is charged upfront with four (4) more automatic equal payments each coming due every fourteen (14) days thereafter. Pay in 8: 12.5% of total amount is charged upfront with seven (7) more automatic equal payments each coming due every seven (7) days thereafter.
Documentation	<ul style="list-style-type: none"> The Customer agrees a Payment Plan which details the payment schedule along with terms and conditions.
Customer Service	<ul style="list-style-type: none"> The Customer receives electronic confirmation of their Payment Schedule. The customer has access to a self-service portal to review their payment schedule, make payments or lodge complaints

4 How this product will be distributed

4.1 Distribution

FlipPay has defined a set of distribution channels and associated distribution conditions or restrictions. The product is distributed digitally through white-label branding through an onboarded merchant. For example:

- Online through the merchant’s own platform to customers that meet the eligibility criteria of the product at the time of payment;
- Third party platforms that have a direct API integration with FlipPay;
- By responding to direct mail offers from onboarded merchants.

4.2 Adequacy of distribution conditions and restrictions

We have determined that the distribution conditions and restrictions will make it likely that consumers who are open to the product are the type of consumers for which it has been designed. This is based on an analysis of the key terms, features and product characteristics and a finding that these are consistent with the identified class of consumers.

5 Reviewing this TMD

FlipPay has implemented the following monitoring program for the product which is designed to trigger a review of this TMD.

5.1 Review periods and review triggers

The features of the product, and this Target Market Determination, will be reviewed no later than 12 months after the date of this Target Market Determination, and thereafter annually each June to assess the product's continued suitability for the objectives, financial situation and needs of Agencies in the target market, including:

- Quarterly review of the appropriateness of the product limits.
- Quarterly review of the performance of each distributor of the product including the number of products offered and sold, payment plan missed payments within the portfolio.
- We will collect information on the number applications, number of payment plan approvals, and repayments in relation to this TMD on a monthly basis.

The following circumstances (**review triggers**) will trigger an earlier review of this Target Market Determination, and of the suitability of the product to the target market:

- If overdue account balances exceed 5% of the total open outstanding balances;
- If more than 10 complaints are received in relation to the product in any quarter; and
- If originations for the pay option represent less than 5% of all new payment method options.

6 Reporting and Monitoring the TMD

We will collect the following information from external parties in relation to the TMD:

6.1 Product complaints

Distributors will report all complaints they receive in relation the product every three months, including customer information and details of the complaint.

6.2 Significant dealings

We will report any significant dealings to ASIC within 10 business days of becoming aware of the dealing.