

Target Market Determination – Deferit Pay in 1

1. About this document

This target market determination (TMD) seeks to offer consumers an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Consumers must refer to the relevant terms and conditions available at <https://deferit.com/en-au/terms/> when making a decision to use this product.

This TMD applies to the *Deferit Pay in 1* product and is effective from August 2024.

2. Class of consumers that fall within our target market

The information below summarises the overall class of consumers that fall within the target market for the *Deferit Pay in 1 Product* (“**Product**”) based on the products’ key attributes and the objectives, financial situation and needs that they have been designed to meet.

a) *Product Description and Key Attributes*

The product is a short-term credit facility that allows customers to pay bills in one payment on the Deferit platform. Customers are given a five-day interest free loan before their card is debited. There are no fees for the provision of credit, however the customer will be charged card processing fees.

Deferit has inbuilt controls that ensures the product is used responsibly. Only eligible customers will have bills accepted on the platform. Deferit will reserve the amount of the bill on the customer's card but not debit it until five (5) days later. This ensures that customers that actually have the funds (but need very short-term credit flexibility) can use the product.

Given the above, the target market for the product is a wide range of consumers.

The product's key attributes are:

1. **Convenience.** Allows customers to manage their bills and pay bills directly on the platform.
2. **Management of bills** – a user can upload a bill and select the payment date for the full bill to be paid. We will pay the bill on that date and give the user five (5) days before we take the payment from their card.
3. **Automated.** Card details are stored. A customer will just need to upload a photo of the bill and select the date for it to be paid. The product requires no manual bill entry.
4. **Fees.** Processing card fee of 1.5% + 20 cents per payment.
5. **Eligibility requirements.** To use the product, a user needs to be over 18 years of age and have a credit card or debit card as well as have adequate funds on their card to make the full payment of the bill.

Class of customers that fall within this target market

The product is designed for consumers who:

- Are looking to manage their bills and pay bills directly on one platform.
- Wish to obtain short-term no cost finance of five days.

- Need short-term flexibility in cash flow management of a couple of days as the bill due date is not aligned with cash flow date.
- Seek convenience of bill management and the elimination of manual payments on one platform.
- Seek to take control over their personal finances.
- Able to make the repayment in five days after the bill is paid and is not experiencing financial difficulty.
- Looking to lock in pay on time discounts.
- Comfortable using a digital only product.
- Other eligibility criteria:
 - be at least 18 years of age;
 - be an individual;
 - have a credit or debit card/bank;
 - have a valid email address and mobile number.
 - Customer must be successfully onboarded which includes an identity check, verification of email and phone number and credit check.

b) Excluded class of consumers

The product has not been designed for individuals who:

- a. Do not have sufficient cash flow to pay their bill after five (5) days.
- b. Require a product that allows for discretionary retail spending.
- c. Are not able to use a digital service

3. Consistency between target market and the product

The key features and attributes of the product are likely to be consistent with the likely objectives, financial situation and needs of the class of consumers in the target market. The product allows customers to manage all their bills in a single platform which meets the customer's objective of having a centralised system of managing bill payments. The product is automated and requires no manual bill entry. This is consistent with the customer's need to take control over their personal finances.

The product has no interest or late fees, the only fee is the card processing fee. Consumers in the target market are looking for a low-cost option to be able to pay their bill on time when sometimes only a few days matter. As a result, the product is consistent in 1) providing the consumer their objective of being able to pay their bills on time and getting those pay on time discounts and 2) avoiding late fees from a biller which puts them in a worse financial position.

In terms of the consumer's financial situation, the product has in built controls such as that the funds are reserved (but not debited) at the time the bill is paid to ensure that only customers that need very short-term credit of five days and have the available funds to pay in five days are acquiring the product.

4. How the product will be distributed

Distribution Conditions

The product is distributed through Deferit's mobile application and website (with the source of acquisition either being direct to consumer distribution, affiliate marketing or partnerships.)

The website also provides specific content about both products' features, how they work and what they aim to achieve. We also have a customer service helpline where customers can contact our trained customer representatives with any questions they have about the products. Our customer representatives do not receive any commissions based on the number of customers they onboard which ensures that there is no conflict of interests.

Distribution Restrictions

should only be distributed under the following circumstances:

- To individuals that meet the eligibility requirements.

Adequacy of distribution conditions and restrictions

The distribution conditions and restrictions make it likely that consumers who acquire the product will be in the class of consumers for which the product has been designed.

The distribution for the product is direct to the public and at all times we have complete control as to who is acquiring the product and retain the right to accept or refuse a consumer’s bill based on whether they meet the eligibility criteria. This oversight and control make it likely that only consumers in the target market will acquire the product. All our marketing and promotional materials are also directed towards our target market consumers’ needs and objectives of better budgeting, managing short-term cash flow, paying bills on time and access to low-cost finance.

5. Reviewing this target market determination

To ensure that the TMD remains appropriate for the products over time, we will review the TMD in following instances:

Initial review	Within the first year of the effective date (18 March 2022).
Periodic reviews	At least every 12 months using a risk-based approach from the initial review.
Review triggers or events	<p>Any event or circumstances that would suggest the TMD is no longer appropriate. This may include (but not limited):</p> <ul style="list-style-type: none"> • An event or circumstance that would materially change a factor taken into account when making this TMD; • Distribution conditions and restrictions found to be inadequate; • External events such as adverse media coverage or regulatory attention; and • Significant changes in metrics outside tolerance, including, but not limited to: <ul style="list-style-type: none"> ○ complaint trends and the nature; ○ consumers able to upload a bill when they have an overdue instalment; ○ customers able to transact beyond account limit; ○ bad debts beyond risk tolerance • Occurrence of a significant dealing.

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.