



Target Market Determination

1. About this document

This Target Market Determination (TMD) applies to the **Money by Afterpay “Retro”** product and is effective from 5 Oct 2021.

The TMD sets out the group of customers for which Retro has been designed, having regard to the objectives, financial situation and needs of customers in its target market.

This TMD isn't a full summary of Retro's terms and conditions and isn't intended as financial advice. Customers should refer to our full T&Cs when making a decision about Retro.

2. Group of customers that fall within this target market

Retro lets eligible existing Afterpay customers create an Afterpay order from an existing Money by Afterpay debit transaction. As a Retro creates an Afterpay order, those orders have the same late fee cap and repayment mechanism as orders made using the Afterpay buy now pay later (BNPL) product. See Afterpay BNPL TMD [here](#).

Because of these reasons, Retro is suitable for a wide range of consumers.

(a) Group of customers that fall within Retro's target market

Retro is designed for consumers who:

- Are looking to pay for products and services on an instalment basis without payment of interest, account keeping or establishment fees and without the risk of entering into revolving debt.
- May not have an established credit history and may have other liabilities.
- Would benefit from a product with inbuilt controls which protect the customer, such as
 - Low transaction thresholds: Maximum \$200 at any given time that is absorbed into the customer's existing Afterpay BNPL dynamic spending limit.
 - Protections to avoid excessive fees, with hard caps on late fees.
 - Prevention of further use of the Product when instalment payments are missed.
- Would benefit from a product that enables instalment payment for a greater range of products and services than are available through the Afterpay BNPL product.
- Would benefit from a product that is zero cost upfront or, if late fees happen to be paid, is low cost relative to other financial products that are available in the market.
- Would be comfortable with the ease and efficiency of using a digital-only product.

(b) Group of customers that Retro is not a good fit for

Retro may not be suitable for customers that are seeking functionality and flexibility that goes beyond what Retro supports. This product is not designed for customers who:

- Require a product with a large available transaction limit.
- Require a product for use at all categories of merchants.
- Require a product that enables them to pay down their orders over a longer period of time than eight weeks.
- Are not comfortable using digital-only services.
- Currently have a suspended or written off Afterpay account.

Retro may also not be suitable for customers who use a credit card as their repayment method and who incur repeat late fees as a result of repayments being dishonoured by their credit card provider due to having an insufficient credit card limit (i.e. a credit card that is effectively 'maxxed out'). Customers in this situation may be more vulnerable, potentially increasing their overall liability and be using multiple products to manage a difficult financial situation. Afterpay puts in place measures to protect these customers (see below).

(c) Eligibility requirements and product attributes

The key eligibility requirements and product attributes of Retro are:

Eligibility requirements

- Customers must:
 - Maintain a Money by Afterpay Daily Account with at least one eligible transaction;
 - Maintain an Afterpay account in good standing, for example account payments are up to date;
 - Have repaid at least 25% of one Afterpay order; and
 - Be able to access the Product via Mobile.

Product attributes

- Ability to make a request to Afterpay to create an order for the amount of the selected eligible transaction, and receive funds into the customer's Money by Afterpay Daily Account for the amount equal to that transaction.
- A maximum limit of \$200 applies to total requests made at any given time. Customers can spend up to \$200 of their Afterpay BNPL spending limit on one or more Retro orders. For example, if you have an Afterpay spending limit of \$1,000, you can use up to \$200 for Retro purchases and the remaining \$800 for any other BNPL purchases. The customer's overall Afterpay spending limit doesn't change with the use of Retro.
- Pay in four instalments over eight weeks.
- No interest charges or establishment fees.
- Further requests declined if a customer is one day overdue on a single instalment payment.
- No late fee charges when the customer pays on time.
- Capping of late fees.
- Freezing of late fees for customers who apply for hardship.

3. Consistency between target market and the product

Retro is consistent with the identified target market due to the following key terms, features, attributes and controls:

- No interest charges, account keeping or establishment fees.
- Provision of a variable spending limit based on customer repayment history and capabilities with a cap of \$200 that is absorbed into the customer's overall Afterpay BNPL spending limit.
- No option provided to customers to pay extra fees or interest to delay their payment schedule.
- Hard system controls in place to:
 - Ensure customers complete the onboarding process [for Money by Afterpay and Afterpay BPNL] before they can use the Product.
 - Decline further requests if a customer is one day overdue on a single instalment repayment, thus preventing debt from accumulating.
 - Minimise the financial impact of missed payments by capping late fees.
- Freeze all late fees for customers who apply for hardship.
- Ability for customers to create Afterpay orders for purchases made with eligible merchants outside of the Afterpay network.
- The Product is a purely digital product.

For customers that exclusively use a credit card (rather than a debit card) with Afterpay and pay repeated late fees, Afterpay protects these customers by:

- Proactively offering hardship assistance; and
- Preventing them from further use of the Product.

Afterpay also conducts regular monitoring to identify whether there is a group of customers with common characteristics who regularly make hardship requests or incur late fees.

4. Distribution Conditions

(a) How the product is distributed

Retro is distributed directly by Afterpay Australia Pty Limited under the brand "Money by Afterpay" via the Money App. Customers may obtain Retro by downloading the smartphone application via the app stores.

(b) Adequacy of distribution conditions and restrictions

Afterpay Australia Pty Limited only distributes Retro via the Money App and uses a standardised process for onboarding customers. This control helps ensure that consumers that obtain Retro are in the target market.

Further, Retro's marketing does not deliberately target customers outside the eligibility criteria (such as those under the age of 18 and those outside Australia), which assists in ensuring the distribution is being directed towards the target market for whom Retro has been designed.

5. Reviewing this target market determination

We will review this TMD in accordance with the below:

Initial review	No later than 12 months from the effective date.
Periodic reviews	At least every two years from the initial review.
Review triggers or events	<p>Any of the below triggers may indicate that the TMD is no longer considered appropriate for the target market and a review of the TMD is to be undertaken by Afterpay:</p> <ul style="list-style-type: none">● A material change to the design or distribution of the Product.● Occurrence of a significant dealing outside the target market.● External events relevant to the design and distribution such as material adverse media coverage or regulatory attention.● A change to our metrics outside tolerance, including, but not limited to:<ul style="list-style-type: none">(a) A significant increase in volume of complaints.(b) Customers being able to transact over their set Retro limit at any one time.(c) Customers having orders approved if they have an overdue Afterpay instalment.(d) Customers being charged late fees while they are in a hardship arrangement with us.(e) Number or proportion of customers with Retro orders paying late fees over the cap in relation to Retro created Afterpay orders.

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