PayPal

Target Market Determination

For Pay Monthly provided by PayPal Credit Pty Ltd (PPC) (ABN 66 600 629 258; Australian Credit Licence 568848)

PayPal

1. About this document

When to use this target market determination

This target market determination (TMD) details the class of consumers for whom the Pay Monthly product is likely to be appropriate, having regard to their likely objectives, financial situation and needs. This TMD includes a description of the product, including its key attributes, and an explanation of why the product, including those key attributes and distribution settings, 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 Pay Monthly agreement and all applicable pre-contractual disclosures, which set out the relevant terms and conditions of the product, when making a decision about whether the product is suitable for them.

Product to which this target market determination applies

This TMD applies to the Pay Monthly product.

Date from which this target market determination is effective

29 July 2026

2. Class of consumers that comprise target market

Background

The Pay Monthly product is provided by PPC, a related body corporate of PayPal Australia Pty Ltd (PPAU). PPAU is the sole distributor of Pay Monthly through the PPAU digital wallet.

Product description and key attributes

Pay Monthly is a fixed-term consumer credit product designed to enable eligible consumers to finance larger personal, domestic or household purchases and repay the financed amount over approximately equal monthly instalments. Available loans involve 12, 18 and 24 repayments made monthly, with the first instalment due 1 month and 1 day after the purchase has been captured by the merchant. Subsequent instalments are due monthly generally on the same day of the month.

Pay Monthly is intended for eligible purchases between AUD $500 and AUD $15,000, subject to eligibility criteria, merchant acceptance, underwriting outcomes, ability to verify and assess financial situation, and other applicable controls. Pay Monthly will carry a disclosed and fixed annual percentage rate (APR).

Repayments are to be made automatically using an eligible funding instrument linked to the consumer’s PayPal Personal Account, typically a confirmed bank account or debit card. Consumers may elect to repay all or part of an outstanding balance early.

There is no contract establishment fee and no late fees. Consumers are responsible for repaying the principal and any applicable interest calculated based on the interest rate disclosed in their Pay Monthly contract, and may also incur consequences associated with missed payments, including collections activity, credit reporting impacts where applicable.

All Pay Monthly transactions are made in AUD. However, where a purchase is made in a foreign currency, it may be converted to an AUD amount before the consumer elects to pay using Pay Monthly. The consumer will remain responsible for any disclosed foreign exchange or conversion-related charges applicable to the underlying purchase transaction.

Eligibility Criteria

The eligibility criteria for Pay Monthly includes that the consumer must:

- be an Australian resident aged 18 years or over;
- hold, or be eligible to hold, a PayPal Personal Account[1] that is in good standing (for example, has no limitations, restrictions or negative PayPal balance) and that is linked to a valid funding source; and
- meet the Pay Monthly credit assessment criteria.

Target market and Pay Monthly attributes

The target market for Pay Monthly is a class of consumer that meets the Eligibility Criteria, has needs and objectives and financial situation as described below and is not in the excluded class of customer (**Target Market**). The key attributes of Pay Monthly that meet the needs, objectives and financial situation of consumers in the Target Market, are described below.

Consumer needs and objectives	Pay Monthly attributes
A consumer who wants credit to purchase larger value goods or services for domestic, personal or household purposes.	Pay Monthly is designed only for personal, domestic or household purposes. It is not intended for business customers or for consumers seeking leverage or liquidity for commercial or investment activity.
A consumer who wants to finance a specific purchase between the value of $500 and $15,000 over a defined term period rather than paying the full purchase price upfront.	Pay Monthly offers fixed loan terms requiring repayment by 12, 18 or 24 instalments with approximately equal monthly repayments. This fixed loan term may assist eligible consumers to spread the cost of purchases over time. Pay Monthly will usually be available to eligible consumers on eligible purchases between the value of $500 and $15,000 but from time to time may be subject to lower limits, subject to the criteria set out in the product description above.
A consumer who wants an instalment payment option when purchasing goods or services online, including where purchases are made in-store but where the application for Pay Monthly is completed through an	Pay Monthly is available through the PPAU digital wallet for eligible purchases and is not available for Excluded Goods and Services.

[1] To see the Target Market Determination for the PPAU Personal Account, visit: https://www.paypal.com/au/legalhub/home#tmd

online checkout, mobile app, or payment link.	
Consumer financial situation	**Pay Monthly attributes**
A consumer with stable and reasonably reliable income, sufficient to support ongoing monthly repayments over the full term.	Pay Monthly will only be distributed after PPC assesses that the consumer can meet the monthly repayment obligations under the loan without the credit contract being unsuitable.
A consumer for whom the size of the contemplated purchase is proportionate to their financial circumstances and does not create an unreasonable concentration of repayment burden.	Transaction sizes are expected to range from AUD $500 to AUD $15,000. The product is therefore designed for consumers whose income, expenses and overall credit exposure are consistent with financing purchases in that range. It is not designed for consumers who could only comply with the Pay Monthly credit contract with substantial hardship.
A consumer who wants certainty of their repayment amounts over the term of the loan.	Pay Monthly provides a fixed interest rate and repayments in instalment on a monthly basis. These repayments will be equally split across each month with minor decimal point variances in the last repayment.
A consumer who can tolerate the cash-flow implications of 12, 18 or 24 fixed instalments, with repayments made monthly, including the risk of changed circumstances over that period.	The duration of Pay Monthly means it is intended for consumers who can budget over time and who have resilience to foreseeable fluctuations in monthly cash flow.
A consumer who does not need to rely on repeated use of credit to meet essential living expenses, make minimum repayments on other credit products or manage acute financial stress.	Pay Monthly is not designed to solve short-term liquidity pressure or essential-expense shortfalls. The underwriting and target market settings are intended to reduce distribution to consumers whose financial situation indicates elevated financial vulnerability or repayment stress.

Excluded class of consumers

Pay Monthly is not designed for:

- business customers or consumers seeking to use the product for commercial, investment, speculative or working-capital purposes;
- consumers under the age of 18;
- consumers who do not satisfy PPC's identity, KYC/CIP, fraud, underwriting, credit, affordability or suitability assessment criteria;
- consumers experiencing financial hardship, significant financial stress, acute income instability, recent severe arrears behaviour or other indicators of financial vulnerability that increase the risk that the product would be unsuitable;
- consumers who are unable to meet 12, 18 or 24 scheduled monthly repayment obligations without substantial hardship;
- consumers seeking an ongoing line of credit for general use, with minimum monthly payments;
- consumers seeking very short-term credit, emergency liquidity or funding for essential recurring living expenses such as rent, mortgage, or other day-to-day obligations where a

longer-term instalment credit product would be inappropriate;

- consumers who are seeking to use credit to refinance, service or supplement existing debt in a manner that may contribute to debt-stacking, including consumers looking to use one form of credit to repay another; and
- consumers who are unable or unwilling to maintain an eligible autopay funding source; consumers for whom a shorter-duration payment method would more closely match their objectives, needs or financial situation.

3. How this product is to be distributed

Distribution channels

Pay Monthly is to be distributed to consumers through PPAU's digital wallet and is only available to eligible consumers with a PPAU Personal Account. 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 our eligibility and credit assessment criteria. While the Pay Monthly product may be used at physical retail stores, customers must always apply for the product via PPAU's online or mobile application processes. Sales or customer service staff in physical retail stores do not assist customers in applying for the Pay Monthly product.

Distribution conditions

(a) Pay Monthly product advertising

Advertising and presentment is designed to reach Australian adults and placed at times and places where consumers are likely to be receptive to receiving information about financing discretionary purchases between $500 - $15,000 over a fixed repayment term. Advertising will have regard to the product limits applicable from time to time. Advertising avoids framing that may encourage consumers to treat the product as a substitute for day-to-day cash flow or an effortless extension of disposable income. 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.

(b) Pay Monthly product applications

Applications must meet the Eligibility Criteria set out above. Where product limits are less than $15,000, Pay Monthly will be distributed only to customers looking to finance amounts within the available credit limits. This will be identified through the PPAU digital wallet. Applicants have access to information about the product during the application process to assist them in understanding the product's key attributes and consider if it meets their needs, objectives and financial situation. Key restrictions that may impact an applicant's ability to be approved for Pay Monthly, such as verification requirements, will generally be disclosed to customers during an application.

(c) Pay Monthly product distribution channels

Other than its related body corporate PPAU, whose digital wallet platform allows Pay Monthly to be offered, PPC does not use third party agents or distributors to sign up or contract on PPC's behalf in respect of potential consumers.

(d) Pay Monthly monitoring and credit reporting

There is ongoing monitoring of the Pay Monthly product, hardship requests, indicators of financial vulnerability and product misuse that are especially relevant to longer-term instalment credit, including early missed payments, repeated failed automatic payment attempts, rapid serial applications, debt-stacking behaviours, use for essential spending, the application of our credit assessment criteria and credit reporting to a CRB (where necessary) along with complaints 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 product's 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 Pay Monthly are in the class of consumers for which it has been designed.

4. Reviewing this target market determination – periodic reviews and review triggers

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

First and ongoing review period	The first review, and each ongoing review, must be completed within each consecutive 12 months from the date which this Target Market Determination is effective.
Review triggers	Any event or circumstances arise that would reasonably suggest the TMD is no longer appropriate. This may include (but is not limited to): • a material change to the design or distribution of the product, including related documentation; • a significant dealing of the product to consumers outside the Target Market occurs; • distribution conditions found to be inadequate; • external events such as material adverse media coverage or regulatory engagement or changes; • a significant increase in the number of consumers with Pay Monthly who enter into collections or hardship; and • a significant increase in the number of internal complaints or complaints made to the Australian Financial Complaints Authority in relation to consumer acquisition or use of the product.

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. Review trigger reporting requirements

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

Complaints	PPAU will collect information on all complaints in relation to this TMD on a monthly basis. This will include written details on the numbers and substance of complaints and general feedback relating to the Pay Monthly product and its performance.

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Sales data	PPAU will collect information on Pay Monthly applications, approvals and rejections and consumer data in relation to this TMD on a monthly basis.
Significant Dealing	PPAU 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.