



## 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 for 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

21 September 2023

## 2. Class of consumers that comprise the target market

The information below summarises the class of consumers within the target market for this product, based on the product's 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 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, offering online "digital wallet" accounts that allow 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 is the sole distributor of the PayPal Pi4 product through the PPAU digital wallet.

### Class of consumers

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

- who hold, or are eligible to hold, a PayPal Personal Account<sup>1</sup> that is in good standing (for example, has no limitations, restrictions or negative PayPal balance) and that is linked to a valid funding source;
- whose credit worthiness has been assessed, and

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<sup>1</sup> To see the Target Market Determination for the PPAU Personal Account, visit [tmd-personal-account.pdf \(paypalobjects.com\)](https://www.paypalobjects.com/tmd-personal-account.pdf).



- who require safe and easy to use short-term instalments 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**).

### 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 those purchases over six weeks<sup>2</sup> in four interest-free instalments. The first instalment is payable at the time of purchase with three consecutive fortnightly instalments following.

Subject to an application and credit assessment, eligible consumers are Australian residents, at least 18 years of age, who have met PPAU's onboarding requirements and hold a PayPal Personal Account in good standing.

The PayPal Pi4 product is for personal, domestic, or household purposes only.

The PayPal Pi4 product is limited to eligible purchases between AUD\$30 - \$2,000<sup>3</sup> and repayments may be made using a credit card, debit card or bank account which is linked to the consumer's PayPal Personal Account. Repayments are automatically deducted from the consumer's chosen repayment method.

Consumers may elect to repay any outstanding PayPal Pi4 balance or part thereof at any time without penalty or fee.

Consumers may elect to use multiple PayPal Pi4 contracts on various purchases but approval for each individual PayPal Pi4 contract will be determined after application and credit assessment at the time of each individual transaction.

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 eligibility check and credit assessment which may include a credit check 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>4</sup>;
- PPAU's Buyer and Seller Protection Policy (exclusions apply to some types of transactions including real estate, vehicles, financial products)<sup>5</sup>;
- PPC's hardship and vulnerability processes and
- recourse via PPC's internal dispute resolution process as well as the Australian Financial

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<sup>2</sup> May be subject to extension depending on seller's actions completing the transaction.

<sup>3</sup> Minimum and maximum purchase limits may be subject to review and may vary for select merchants.

<sup>4</sup> For more information on PPAU's chargeback and refund policies, see PPAU's User Agreement, located [here](#)

<sup>5</sup> For more information on PPAU's Buyer and Seller Protection Policy, see PPAU's User Agreement, located [here](#)

Complaints Authority<sup>6</sup>.

### **Needs and objectives**

The PayPal Pi4 product has been designed for consumers who want an instalment payment option for purchases valued between AUD\$30 and \$2,000 and who want to pay in instalments over a short period of time in a safe and cost-efficient manner.

### **Excluded class of consumers**

The PayPal Pi4 product is not designed for business customers, minors, consumers who do not satisfy PPC's credit assessment or those seeking to fund purchases in respect of certain goods and services, including but not limited to 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.

### **Financial situation**

This product has been designed for individuals who satisfy PPC's credit assessment, 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, any PayPal Pi4 credit is repayable over three fortnightly interest-free instalments, after an initial 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 (and may apply).

## **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 eligibility criteria and a credit assessment. Some applicants' credit assessments may require a credit check to be done with a CRB.

The PayPal 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

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<sup>6</sup> For further information on PayPal's complaints handling process, visit PayPal's User Agreement: [https://www.paypal.com/au/webapps/mpp/ua/useragreement-full?locale.x=en\\_AU](https://www.paypal.com/au/webapps/mpp/ua/useragreement-full?locale.x=en_AU).



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.

To apply for PayPal Pi4, consumers must log into their PayPal Personal Account, agree to the PayPal Pi4 Contract<sup>7</sup>, undergo any required identification verification and/or credit check, and pass a credit assessment.

### Distribution channels

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

### Distribution conditions

#### (a) PayPal Pi4 product advertising

Advertising is designed to reach Australian adults and placed at times and places (virtual and real) where consumers are likely to be receptive to receiving instalment payment information or to be making purchases. Product 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) PayPal Pi4 product applications

Applications may only be made with a valid PayPal Personal Account (accountholder is an Australian resident, over 18 years of age and has met PPAU onboarding requirements) which is in good standing (e.g., no limitations, restrictions or negative PayPal balance) with the option to apply for the product under 'Pay Later' in their digital wallet. A credit assessment is required to be undertaken as part of the application, which may require a credit check with a CRB for some applicants. Application data is checked against internal and/or external CRB data to assess credit worthiness and identify and decline any (suspected) fraudulent applications.

Applicants have access to information about the product during the application process to assist consumers to understand the product's key attributes and consider if it meets their needs, objectives and financial situation.

The PayPal Pi4 product must not be distributed to consumers who do not meet the eligibility criteria outlined in this TMD. Application data is assessed to ensure that only applications by consumers in the Target Market will be approved for the product. PayPal systems are configured to disallow or reject applications by ineligible consumers.

#### (c) PayPal Pi4 distribution channels

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.

#### (d) PayPal Pi4 monitoring and credit reporting

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<sup>7</sup> A copy of the PayPal Pi4 Contract is available here: [PayPal Pay in 4 Contract | PayPal AU](#)

There is ongoing monitoring of the PayPal Pi4 accounts, hardship requests and credit reporting to a CRB (where necessary) 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 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:

Periodic reviews	Within 12 months from the date which this Target Market Determination is effective.
Review triggers	<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 changes;</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 consumer 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.

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 PayPal Pi4 product and its performance.
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Sales data	PPAU will collect information on PayPal Pi4 product 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.