

1derful Target Market Determinations

1. Introduction

We are committed to creating and maintaining a client-centric approach to the design and distribution for all 1derful products. The purpose of our Target Market Determinations (**TMD**) is to ensure our products are suitable for the consumers we target.

This TMD sets out the class of customers for which the 1derful product has been designed, taking account of the objectives, financial situation and needs of customers in the product's target market.

Customers need to refer to the product terms and conditions when deciding whether this product is right for them. Importantly this TMD is not a full summary of the product's terms and conditions and is not intended to provide financial advice.

This TMD only applies to our Basic 1derful Pay Now, Pay Later (PNPL) product and is effective from 5 October 2021.

Our Basic PNPL product allow our customers to buy goods, or acquire services, offered in-store or online by certain retailers using a card we issue (the 1derful card) and offers the following features:

- a minimum credit limit of \$200, with a maximum credit limit of \$2,000;
- maximum repayment term that is less than 62 days; and
- no fees or interest, including default fees or charges, are applicable.

Our Basic PNPL Product is not regulated by the *National Consumer Credit Protection Act 2009* (Cth).

2. Class of customers that fall within this target market

The 1derful PNPL product is for consumers who would like an alternative to traditional credit products which enables them to buy products and services on flexible terms.

The PNPL has been designed to meet customer's needs and to promote responsible lending and responsible spending. While customers are allocated a small, low balance upfront, the intention is that all 1derful customers go through a credit assessment as part of the application process. This ensures customers can be comfortable they can afford the product based on the information provided during this process. The maximum credit limit a customer can be offered is \$2,000.

When a customer makes a purchase using 1derful's PNPL the credit limit provided. After the purchase a customer can select whether they want to "Pay Now" or "Pay Later". If they select "Pay Now" then the full purchase price will be drawn from their nominated payment source (typically a debit card linked to their transaction account). Once these funds are on their way the customer's available balance is increased by the amount of the repayment. If a customer chooses "Pay Later" then they select a repayment schedule that suits them. This includes selecting the number of repayments they wish to make, the frequency of these repayments (weekly or fortnightly) and the start date for the repayment plan.

If a customer does not make a selection to either "Pay Now" or "Pay Later" then a default selection will be applied 24 hours after the initial purchase. This default is to "Pay Now". This ensures that the customer is not inadvertently using credit without having specifically elected to do so.

Importantly 1derful does not charge fees, interest or penalties for the use of its product. 1derful also requires all purchases to be paid in full within 62 days, and ongoing use of the product is restricted if a customer is late in making repayments.

1derful recognises customers may experience financial hardship from time to time, and has a hardship program which can be accessed when necessary. 1derful will never decline requests for hardship assistance and provides customers a range of flexible payment options in these circumstances. 1derful will work with customers to ensure any amounts owing are repaid and to minimise any impacts of late payment on customers and on their credit rating.

Given this approach 1derful's PNPL is suitable for a wide range of consumers.

(a) Class of customers that fall within this target market

This product is designed for consumers who:

- Wish to pay for products and services on their terms, including using funds they have available today (Pay Now), or on an instalment basis (Pay Later). Under either of these choices the customer is not required to pay any fees or interest.
- May not have a limited credit history and may have other debts owing.
- Would benefit from a product with strong controls and consumer protections including:
 - An upfront credit assessment for all customers to be granted a credit limit of greater than \$200.
 - No fees for use of the account, including when payments are late.
 - No interest for use of the account.
 - Real-time transaction monitoring to minimise risk of fraud on the account.
 - Restrictions on use of the product when payments are late.
- Would benefit from a product that can be used at any merchant where Mastercard is accepted.
- Would benefit from a product which provides the flexibility of paying automatically using direct debit and only allows payments to be made using a debit card (i.e. 1derful will not permit customers to make their repayments using a credit card).
- Would benefit from a product that has no upfront or ongoing costs.
- Are comfortable with simplicity of a digital-only product.
- are Australian residents.
- are at least 18 years old and have the capacity to enter into a legally binding contract.
- require a small amount of credit (between \$200 and \$2,000) to purchase goods and/or services offered either in-store or online.
- will use the credit in their individual capacity for personal use.
- hold a valid and verifiable email address, mobile number and residential address.

(b) Excluded class of customers

PNPL may not be suitable for customers that are seeking features and functions that are not provided by this product. This product is not designed for customers who:

- Require a product with a large upfront limit (i.e. greater than \$2,000).
- Require a product that enables unrestricted spending.
- Require a product that enables them to pay down their purchase over a long period of time (i.e. greater than 62 days).
- Are not comfortable using digital-only services.
- Currently have a suspended or written off PNPL account.
- Require a product that allows the use a credit card as the repayment method.

Customers in these situations may be vulnerable, potentially increasing their overall debts and be using multiple products to manage a difficult financial situation.

(c) Eligibility requirements and product attributes

The key eligibility requirements and product attributes of the PNPL are:

Eligibility requirements

- Customers must successfully complete the onboarding process by meeting the following conditions:
 - Be an individual over 18 years of age.
 - Be capable of entering into a legally binding contract.
 - Successfully verify their identity to the satisfaction of Mastercard and 1derful.
 - Have a valid and verifiable residential address, email address and Australian mobile number.
 - Be the holder of a valid and verified Australian-issued debit card attached to a bank account.
- Customers must be able to access the product through digital means.

Product attributes

- Pay Now or Pay Later in no more than 62 days.
- No fees or interest.
- Variable credit limits based on credit assessment of the customer.
- Restrictions from using the product imposed if a customer is late in making their scheduled repayments.
- Readily available assistance for customers in hardship.

3. Consistency between target market and the Product

The product is consistent with the identified class of market due to the following key terms, features, attributes and controls:

- No charging of fees or interest.
- Provision of a flexible credit limits based on customer information provided during onboarding.
- System controls in place to:
 - Ensure customers complete the onboarding process before they can use the product.
 - Restrict use of the product if a customer is late in making their scheduled repayments.
 - Minimise the financial impact of missed payments by not charging any fees or interest on the product.
- Prevents spending over the set credit limit.
- Preventing customers from using the product when they are in arrears.
- The product is a digital product.

1derful protects its customers by:

- Proactively offering hardship assistance; and
- Restricting them from continuing to use PNPL when a customer is late with their repayments.

1derful conducts regular monitoring to identify whether there is a type of customer with common characteristics who regularly make requests for hardship assistance.

4. Distribution conditions

(a) Class of customers that fall within this target market

The Product is distributed directly by 1derful via online channels. Customers may obtain the product by downloading our smartphone application via the Apple or Google app stores.

(b) Adequacy of distribution conditions and restrictions

1derful only distributes its product online and uses a standardised process for onboarding customers. This helps ensure that consumers that obtain the product are in the target market. We must also verify that a potential customer falls within the target market during the onboarding process, meets all eligibility criteria, and (where applicable to the credit limit) has appropriate borrowing capacity.

Further, the product'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 the Product has been designed.

5. Review triggers

We will review this TMD in accordance with the below:

Initial review Periodic reviews

Review triggers or events

By 5 October 2022

Every one year from the initial review.

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 1derful:

- A material change to the design or distribution of the product.
- Occurrence of a significant dealing outside the target market.
- Where we detect issues with the distribution of this product through the monitoring of daily business activities as well as the monitoring and supervision of distributors.
- External events such as material adverse media coverage or regulatory attention.
- Data showing the product is operating outside expected tolerances, including, but not limited to:
 - (a) A significant increase in:
 - volumes of complaints
 - hardship applications
 - (b) Customers being able to use the product before completion of the onboarding process.
 - (c) Customers being able to transact over their set spending limit.

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