



# Target Market Determination

For Beforepay Finance Pty Ltd  
ACN 636 670 525



## Target Market Determination

For Beforepay Finance Pty Ltd ACN 636 670 525

### 1. About this document

The purpose of this Target Market Determination (“TMD”) is to offer consumers, distributors and staff 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 TMD is not to be treated as the entire set of product terms and conditions and is not intended to provide financial advice. Consumers should refer to the product Terms of Service and supplementary documents which outline the terms and conditions under the product when making a decision about this product.

#### Terms of Service to which this Target Market Determination applies

This TMD applies to the short term credit product (“Beforepay Tax Refund Advance”) offered by Beforepay Finance Pty Ltd. The Beforepay Tax Refund Advance is governed by the following terms and conditions:

- Beforepay Finance Pty Ltd Terms of Service, and;
- Beforepay Finance Pty Ltd Tax Refund Advance Agreement.

#### Date from which this target market determination is effective

- 29 June 2023

### 2. Class of consumers that fall within this target market

The information below summarises the overall class of consumers that fall within the target market for the Beforepay Tax Refund Advance based on the product’s key attributes and the objectives, financial situation and needs of consumers that it has been designed to meet.

The Beforepay Tax Refund Advance has been designed for consumers whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including the key attributes).

The Beforepay Tax Refund Advance has been designed for individuals who:

- Are Australian residents and receive their income paid into an Australian bank account.
- Earn at least \$300 income per week through employment, and 50 per cent or more of their income is paid by an employer.
- Are 18 years of age or older.
- Are not experiencing financial hardship.
- Are seeking a low cost, fixed fee, short-term credit product that is not revolving.
- Are expecting a tax refund for the prior financial year.
- Need on-demand access to a portion of their tax refund in order to resolve a temporary financial need, such as life events, medical expenses, paying rent and bills, shopping, travel, entertainment, and vehicle expenses.
- Need to manage the timing of personal finances, including unexpected expenses and/or expenses beyond the affordability of their pay cycle.

## **Product description**

The Beforepay Tax Refund Advance is a fixed cost short-term credit product that allows consumers to access 50% of their tax refund, up to an agreed maximum amount, advanced via the Beforepay mobile or web-based app, with a one-off, fixed 5% transaction fee, and with no interest or late fees. The product will be automatically repaid by a Beforepay approved tax accounting partner via the consumer's tax refund after the submission of their tax return. If the tax refund is not received or is partially received, repayments will be made within 62 days, typically aligned to a consumer's pay cycle.

## **Key Eligibility Requirements**

To be eligible for a Beforepay Tax Refund Advance, new Beforepay consumers must meet the following eligibility requirements:

- Be 18 years or older and an Australian resident;
- Have a driver's licence, passport or Medicare card (or otherwise meet the customer identification criteria);
- Be employed and earn at least \$300 income per week. Employment may include self-employment, provided that the applicant is an individual and all other eligibility criteria is met;
- Have 50 percent or more of their income paid by an employer;
- Have no prior outstanding fee with the tax accounting partner;
- Have no outstanding ATO debt or prior garnishments/refunds by Centrelink, Child Support or Insolvency; and
- Do not have any outstanding debt with Beforepay.

## **Key Product Attributes**

The Beforepay Tax Refund Advance has the following key attributes:

- Consumers who are approved for a Beforepay Tax Refund Advance can access 50% of their tax refund, up to an agreed maximum amount, per financial year, subject to having a tax return for that financial year as communicated by an approved Beforepay tax accounting partner;
- Beforepay charges the consumer a fixed transaction fee of 5 percent of the amount of credit extended. Beforepay does not charge the consumer any interest or other fees;
- Consumers have their Beforepay Tax Refund Advance automatically repaid by the Beforepay approved tax accounting partner that estimated the tax refund from the ATO. In the event that their refund is not received by a certain date or is materially different to the estimated refund, the remaining balance will be debited in accordance with a pre-agreed debit schedule. The repayment schedule will consist of one to four installments which are typically aligned with the consumer's pay cycle (weekly, fortnightly or monthly). In certain circumstances, consumers may request repayment dates that are not aligned with their pay cycle. Consumers authorise Beforepay to direct debit the repayment amount on the nominated repayment date(s);
- Consumers do not have the ability to defer repayments, however deferment requests will be managed in accordance with Beforepay's Hardship Policy;
- The term of the Beforepay Tax Refund Advance is specified in the tax refund advance agreement up to a maximum of 62 days. Under no circumstances can the term of the Beforepay Tax Refund Advance exceed 62 days;
- Beforepay does not offer revolving credit facilities and the Beforepay Tax Refund Advance must be fully settled prior to a new application for any Beforepay product being accepted;

- An existing consumer who wishes to apply for any other Beforepay product may only do so if they have successfully repaid all prior advances. An existing consumer that was previously in default under the advance but has now cured their advance in full may apply for a new advance.

### **Objectives, financial situation, and needs**

The Beforepay Tax Refund Advance has been designed for individuals:

- Who meet the eligibility requirements listed above at the time of first use of the product;
- Who have the objective of obtaining a low cost, fixed fee, short-term credit product that is not revolving;
- Who need advanced access to a portion of their tax refund in order to resolve a temporary financial need or manage the timing of personal finances;
- Who are able to repay the principal balance of the Beforepay Tax Refund Advance; and
- Who are able to pay the 5% transaction fee.

### **Consistency between target market and the product**

Beforepay has assessed and tested the Beforepay Tax Refund Advance and formed the view that the product is consistent with the target market on the basis that:

- The eligibility criteria of the Beforepay Tax Refund Advance has been specifically developed to align with the characteristics of the target market. Consumers who do not meet the eligibility criteria are unable to access the Beforepay Tax Refund Advance, and;
- The key attributes of the Beforepay Tax Refund Advance have been specifically designed to meet the likely objectives, financial situation and needs of consumers in the target market described above.

### **Excluded class of consumers**

This product has not been designed for individuals who at the time of first application:

- Are under 18 years of age;
- Are non-Australian residents;
- Do not earn at least 50% of their income from employment. Employment may include self-employment provided that the applicant is an individual and all other eligibility criteria is met.
- Do not have an expected tax refund from the ATO.
- Are seeking sums larger than the agreed maximum amount, revolving, or longer term finance; or
- Have outstanding ATO debt.

## **3. How this product is to be distributed**

### **Distribution channels**

This product is designed to be distributed primarily through tax accounting partners across Australia and directly to eligible customers through digital means via a mobile and web-based application. Marketing and advertising of the product conducted via partnerships, sponsorships, referrals, social media and other digital marketing channels.

### **Distribution conditions**

This product should only be distributed under the following circumstances:

- To individuals who meet the eligibility requirements described above upon completion of an application for the product;
- To individuals that have the financial capacity to repay the principal balance of the Beforepay Tax Refund Advance;
- To individuals who are able to pay the fixed 5% transaction fee, and;

- To individuals who are approved for Beforepay’s Tax Refund Advance in accordance with Beforepay’s internal policies and procedures and applicable laws and regulations.

**Adequacy of distribution conditions and restrictions**

Beforepay views that these distribution conditions are appropriate and are of a nature that is likely that the product will be distributed to the Target Market for the following reasons:

- Beforepay will have oversight of how the product is promoted and issued through its partnership with tax accounting partners, where consumers will only be referred to the product if they meet a set of initial assessment criteria;
- Customers must satisfy Beforepay’s regular eligibility and credit assessment criteria, including demonstrating eligible income in which to repay the Tax Refund Advance.

The tax accounting partners who distribute the product will be required to report the following information to Beforepay:

- Complaints received by the tax accounting partner, on a monthly basis.
- Information and insight relating to the sale and distribution of the product.
- Information relating to issues which may give rise to a significant dealing of the product which is not consistent with the product’s TMD.

**6. Reviewing this target market determination**

We will review this target market determination in accordance with the below:

<b>Initial review</b>	Within 12 months of the effective date.
<b>Periodic reviews</b>	At least every three years from the initial review.
<b>Review triggers or events</b>	<p>Any event or circumstances arise that would 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>• Distribution conditions found to be inadequate;</li> <li>• External events such as adverse media coverage or regulatory attention;</li> <li>• Significant changes in metrics, including, but not limited to, the number and nature of complaints and feedback. Any anomalies reported by the distributor will be reviewed;</li> <li>• Significant changes to the nature of users who use our product e.g. creditworthiness;</li> <li>• Changes to economic conditions such as economic downturn;</li> <li>• Changes to pricing, including any introduction of interest, late fees or other modifications to the Beforepay Tax Refund Advance product;</li> <li>• Material increases or decreases in default and dishonour rates;</li> <li>• Material changes to the onboarding flow including changes to KYC/AML, requirements, the connection of bank accounts and standard of contact information required;</li> <li>• Material changes to the terms and conditions of loan contracts;</li> <li>• Material changes to credit assessment practices;</li> <li>• The introduction of credit reporting or checking, and;</li> <li>• Material changes to the regulatory framework governing the product.</li> </ul>

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