



2020 MARKETING COMPLIANCE GUIDE

Introduction

Financial services is a highly regulated space, requiring Affirm and our partners to comply with a number of different laws. That's why [marketing needs to be reviewed and approved by Affirm's compliance department](#) before publishing.

This guide provides a general overview of the requirements you'll need to consider, and how you can stay compliant.

Table of contents

Slide 4: The Truth-in-Lending Act (TILA)

Slide 14: Disclosures 101

Slide 21: Guidance for email, video, and TV

Slide 25: Final compliance reminders

Slide 27: Appendix: consumer regulations

The Truth-in-Lending Act (TILA)

The Truth-in-Lending Act (TILA)

TILA requires that customers receive disclosures about important terms of credit before they're obligated to pay back their loan. When advertising terms of credit, advertisements can only state terms that are *actually available*.

When you mention specific terms of credit (“trigger terms”) in your marketing, TILA requires you to provide the full terms of repayment. A common way to achieve this is by using a **representative example** of what a real loan might look like in order to contextualize the trigger terms.

These messages **do trigger** a representative example

- The number of payments or period of repayment (e.g., *6 payments* or *6 months*)
- The monthly payment amount (e.g., *\$60/month*)
- The amount of interest
- The amount or percentage of any down payment

The representative example

The representative example reflects a typical loan through Affirm offered on your site or in your stores.

The example needs to include the following information:

- Purchase price (loan amount)
- Monthly payment amount
- Length of loan term
- Annual percentage rate (APR)

SAMPLE REPRESENTATIVE EXAMPLE

Interest-bearing financing program:

For example, a \$700 purchase might cost \$63.27/mo over 12 months at 15% APR.

Financing program including 0% APR:

For example, a \$1,000 purchase might cost \$83.34/mo over 12 months at 0% APR.

Note: The representative example is specific to the financing program through Affirm. Use the same APR that appears on the Affirm modal on your site. When rounding the monthly payment amount, always round up to the nearest cent or dollar. For reference, see our APR calculator: affirm.com/business/apr-calculator

Where to place the representative example

The example should go on the same creative as the trigger term—in close proximity, and in a similar font size.

Pay over time, starting at 0% APR



or



or



Example: A \$1,000 purchase might cost \$166.67/mo over 6 months at 0% APR.

Sample representative example on the creative

Where to place the representative example (continued)

If there isn't room for the representative example on the creative, you can link to a landing page where the representative example is clearly and conspicuously displayed *within one click*. The landing page can be either:

- a) **A product detail page** with the Affirm educational modal preloaded (add the query parameter "?aff_fm=t" as the first parameter in your ad link along with other query parameters such as "utm_source"), or
- b) **An Affirm educational page** on your site

Where to place the representative example (continued)

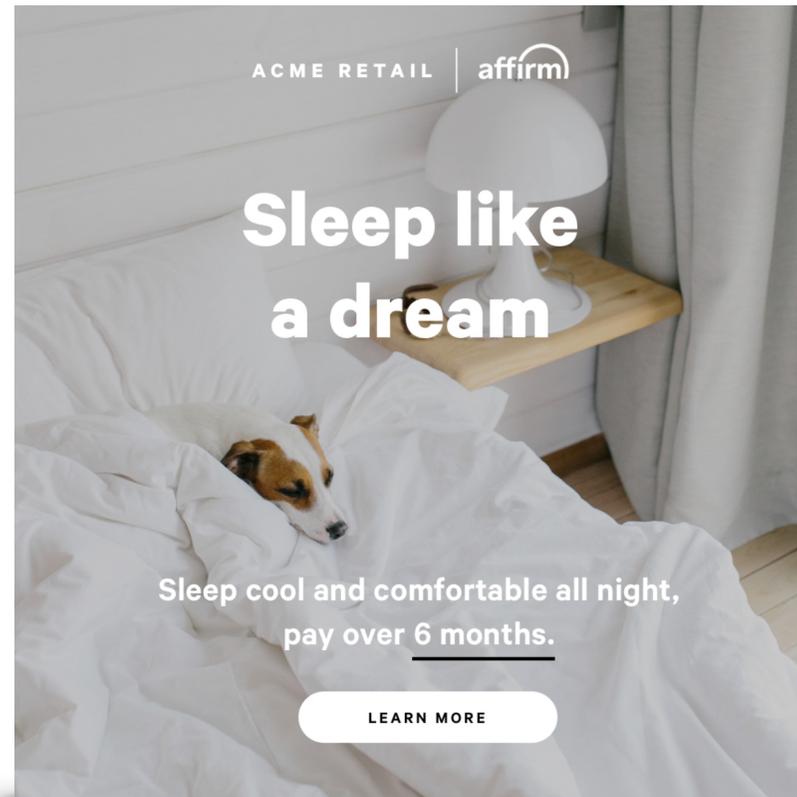
A screenshot of a retail website showing a modal window for Affirm financing. The modal is titled "affirm + ACME RETAIL" and features a green checkmark icon. The main headline reads "Make easy monthly payments over 3, 6, or 12 months". Below this, a highlighted box contains the text: "\$55.28/mo. based on a purchase price of \$995.00 at 0% APR for 18 months. Rates from 0-30% APR." The modal is divided into two columns. The left column is headed "Quick and easy" with a clock icon and the text "Enter a few pieces of information for a real-time decision." The right column is headed "No hidden fees" with a dollar sign icon and the text "Know up front exactly what you'll owe, with no hidden costs and no surprises." At the bottom, it says "Just select affirm at checkout" and "Checking your eligibility won't affect your credit score." A footer note states: "Subject to credit check and approval. Payment options depend on your purchase amount, and a down payment may be required. Payment options through Affirm are provided by these lending partners: affirm.com/lenders."

PRELOADED AFFIRM MODAL EXAMPLE

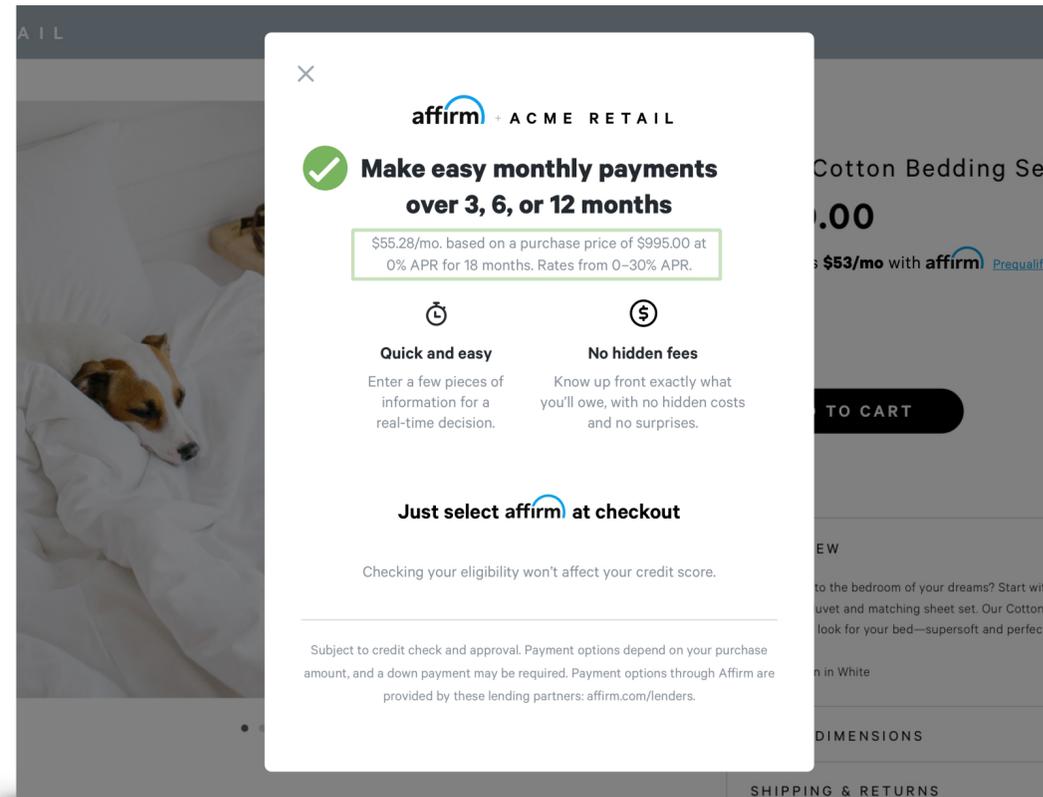
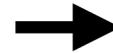
A screenshot of a retail website showing an educational page for Affirm financing. The page is titled "affirm + ACME RETAIL" and features a green checkmark icon. The main headline reads "0% APR financing available with Affirm". Below this, a highlighted box contains the text: "As an example, a \$1,000 Acme purchase might cost \$83.34/mo over 12 months at 0% APR. A down payment may be required." The page is divided into two columns. The left column is headed "Quick and easy" with a clock icon and the text "Enter a few pieces of information for a real-time decision." The right column is headed "No hidden fees" with a dollar sign icon and the text "Know up front exactly what you'll owe, with no hidden costs and no surprises." At the bottom, it says "Just select affirm at checkout". A footer note states: "Your rate will be 0% APR or 10-30% APR based on credit, and is subject to an eligibility check. Payment options depend on your purchase amount, and a down payment may be required. Payment options through Affirm are provided by these lending partners: affirm.com/lenders."

AFFIRM EDUCATIONAL PAGE EXAMPLE

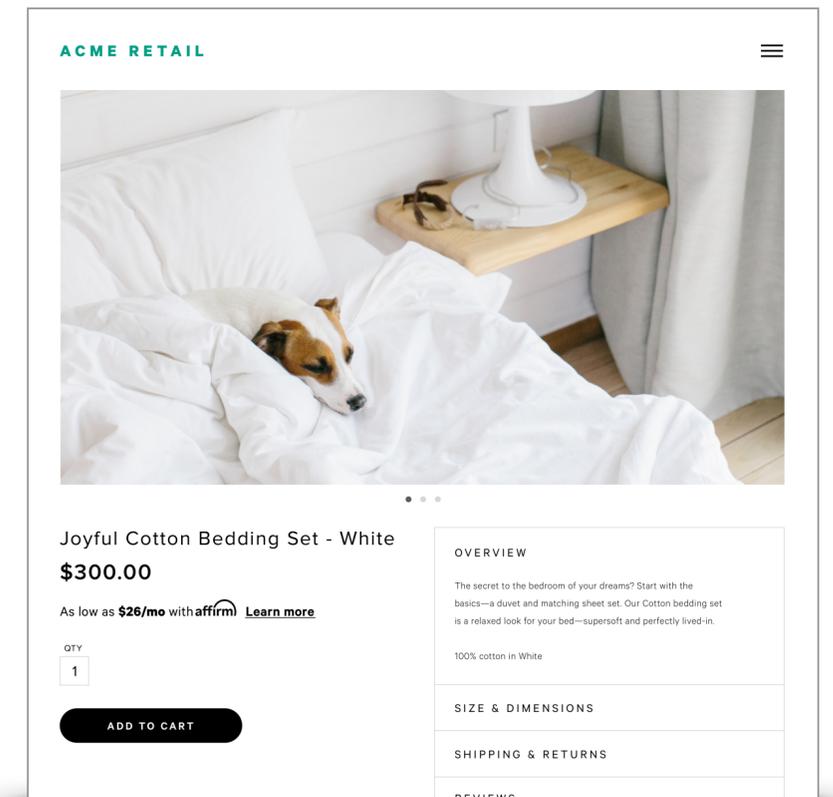
Sample flow: with TILA trigger terms



AD

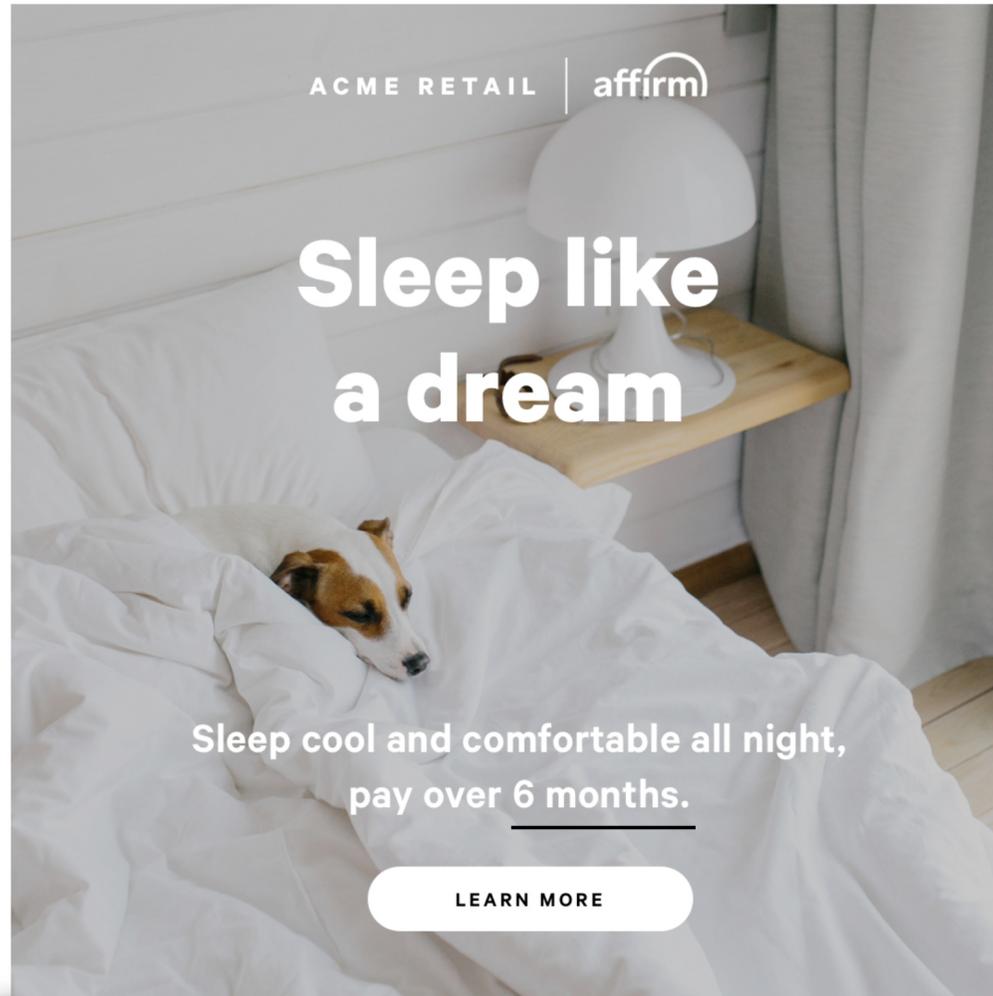


PAGE WITH AFFIRM MODAL PRELOADED

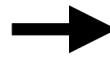


PRODUCT DETAIL PAGE

Sample flow: with TILA trigger terms



AD



ACME RETAIL

affirm + ACME RETAIL

0% APR financing available with Affirm

As an example, a \$1,000 Acme purchase might cost \$83.34/mo over 12 months at 0% APR. A down payment may be required.

Quick and easy	No hidden fees
Enter a few pieces of information for a real-time decision.	Know up front exactly what you'll owe, with no hidden costs and no surprises.

Just select affirm at checkout

Subject to credit check and approval. Payment options depend on your purchase amount, and a down payment may be required. Payment options through Affirm are provided by these lending partners: affirm.com/lenders.

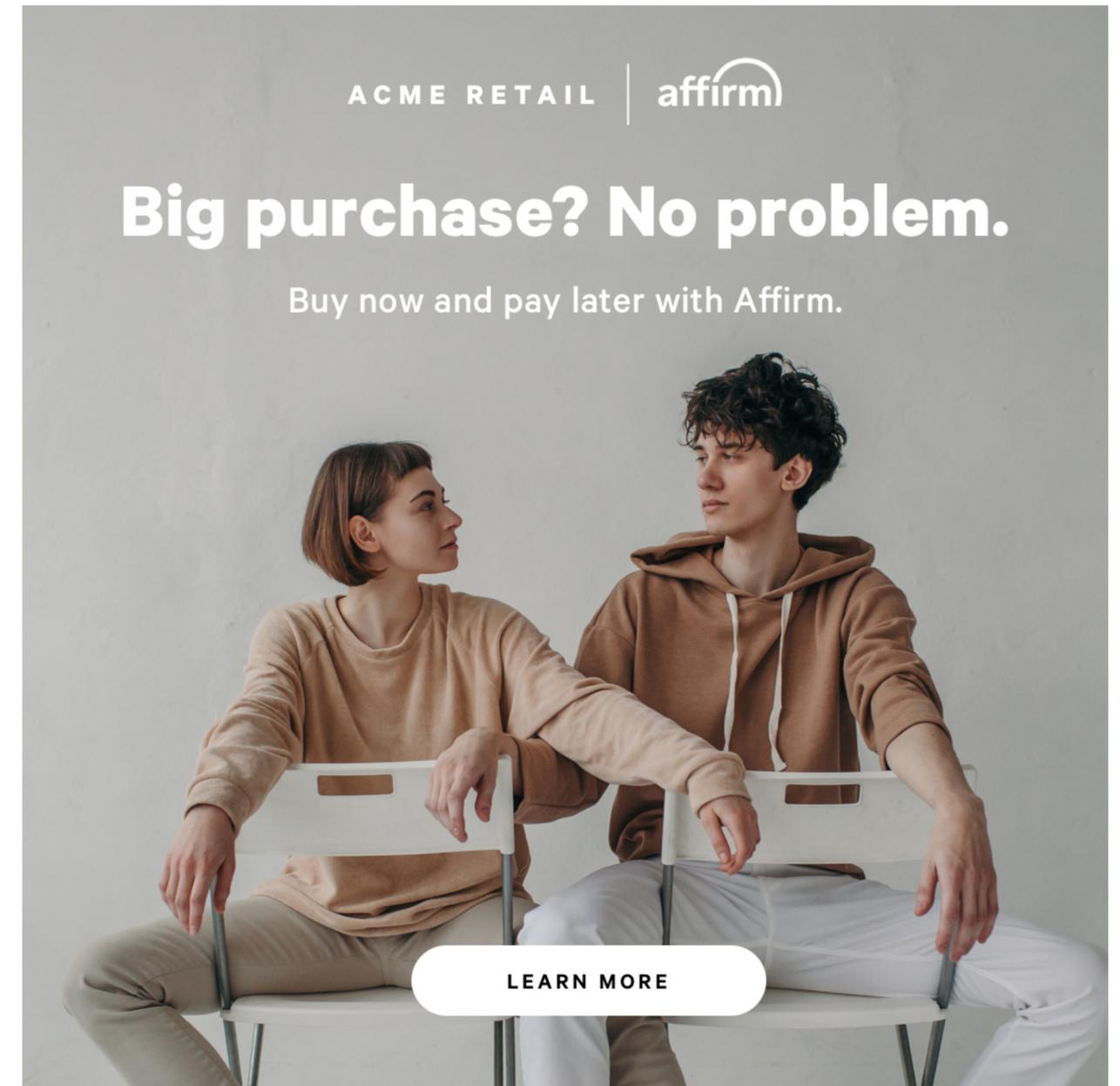
AFFIRM EDUCATIONAL PAGE

These messages **don't trigger** a representative example

You can mention the following terms **without** including a representative example:

- Affirm
- Monthly payments
- Pay over time
- Buy now, pay later
- Financing
- As low as 0% APR
- 10–30% APR

Note: Though a representative example may not be required, other disclosures may be. See slides 15–21 for more information on other disclosures.



EXAMPLE: NO REPRESENTATIVE EXAMPLE REQUIRED

Disclosures 101

Applicable to all marketing

- Disclosures inform customers of **actually available** terms.
- They must meet a “clear and conspicuous” standard.
 - They must be **legible**—no one should have to squint to read them. 8pt font size minimum is usually sufficient.
 - Contrast text with background: **this works well**, but **this does not.**
 - If disclosures are separate from the claim they modify, tie them together with a hyperlink, reference text (see footer for details), or a reference symbol (e.g., *,†). If using a reference symbol, the claim *ends* with the reference symbol and the disclosure *begins* with the **same** reference symbol.
- Interest rates must be phrased in terms of APR (e.g., 0% APR available for those who qualify).

Level 1: Universal

Subject to eligibility. Payment options through Affirm are provided by these lending partners: affirm.com/lenders.

- Ad simply mentions Affirm and/or financing availability
- Ad does *not* mention an APR
- No TILA trigger terms present

Level 2: Concrete offering

Your rate will be 10–30% APR based on credit, and is subject to an eligibility check. Payment options through Affirm are provided by these lending partners: affirm.com/lenders. Options depend on your purchase amount, and a down payment may be required.

- Ad mentions Affirm and/or financing availability **and** APR
- No TILA trigger terms present

Level 3: Concrete offering with trigger terms

Your rate will be 10–30% APR based on credit, and is subject to an eligibility check. For example, a \$700 purchase might cost \$63.25/mo over 12 months at 15% APR. Payment options through Affirm are provided by these lending partners: affirm.com/lenders. Options depend on your purchase amount, and a down payment may be required.

- TILA trigger terms are present, meaning a representative example must be displayed on the same page or one click away.
- The representative example is not one-size-fits-all. For example, a merchant with an average order value of \$100 and term length of 3 mos would not show the above as their representative example.

0% APR program disclosure

If your financing program offers 0% APR, or a promotional/limited-time 0% APR offer, clarify the range of rates and any restrictions or conditions of the promotion (if applicable).

LEVEL 2A

Your rate will be 0% APR or 10–30% APR based on credit, and is subject to an eligibility check. [Add a sentence describing any restrictions of promotion]. Payment options through Affirm are provided by these lending partners: affirm.com/lenders. Options depend on your purchase amount, and a down payment may be required.

LEVEL 3A

Your rate will be 0% APR or 10–30% APR based on credit, and is subject to an eligibility check. For example, a \$700 purchase might cost \$63.25/mo over 12 months at 15% APR. [Add a sentence describing any restrictions of promotion]. Payment options through Affirm are provided by these lending partners: affirm.com/lenders. Options depend on your purchase amount, and a down payment may be required.

Context-specific disclosures

These disclosures may be applicable, depending on the context.

Period of 0% APR promotional offer

- *0% APR promotion ends MM/DD/YY.*
- *0% APR is available for a limited time.*
- *0% APR is subject to change.*

Payment or purchase amount

- *Estimated payment amount excludes taxes and shipping.*

When merchant runs a free-trial program or allows returns or refunds beyond 30 days, any interest already paid will not be refunded

- *Paid interest is non-refundable.*

Cart floor

- *For purchases under \$150, limited payment options are available.*

Where to find more information

- *See affirm.com/help for details.*

Guidance for email, video, and TV

Guidance for email

- Emails with TILA trigger terms must include the full terms of repayment or a **representative example** in the email itself, *not one click away*.
- If the subject line has a trigger term, a **representative example** needs to be clear and conspicuous in the body of the email. The subject line must be accurate and not misleading.
- If the body of the email has a trigger term, a **representative example** needs to be clear and conspicuous and near the trigger term.
- Marketing emails must comply with the CAN-SPAM requirements outlined on slide 30

Sample flows: email



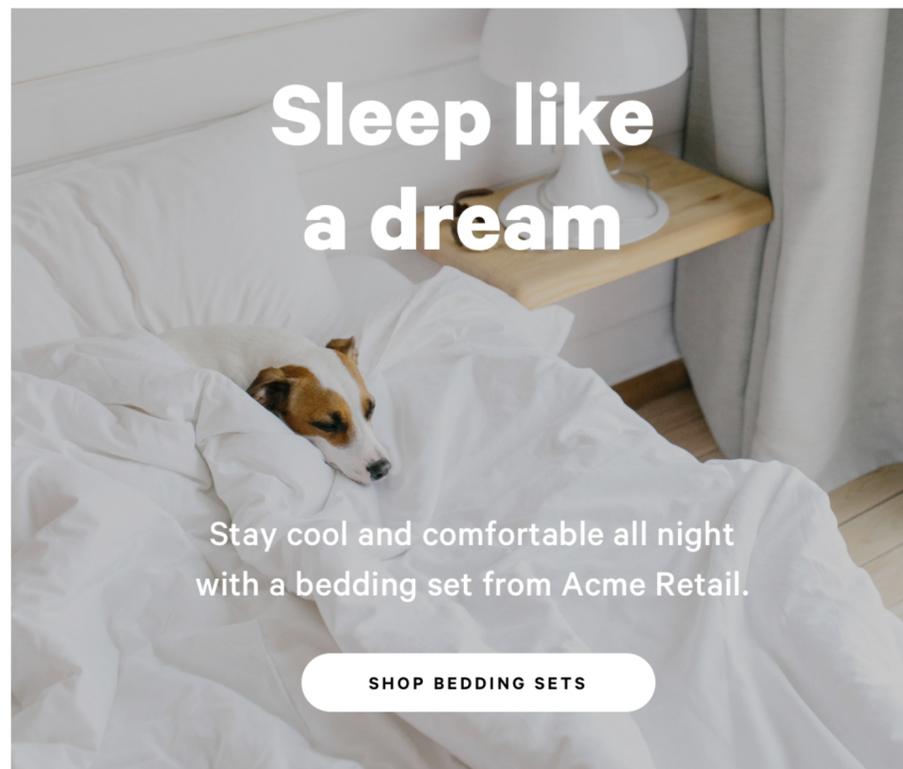
Get an Acme Mattress for as low as \$84/month

Acme Retail <hello@acmeretail.com>

ACME RETAIL | 



You can now get a \$1,000 Acme mattress for \$83.34/mo over 12 months at 0% APR. See footer for details.



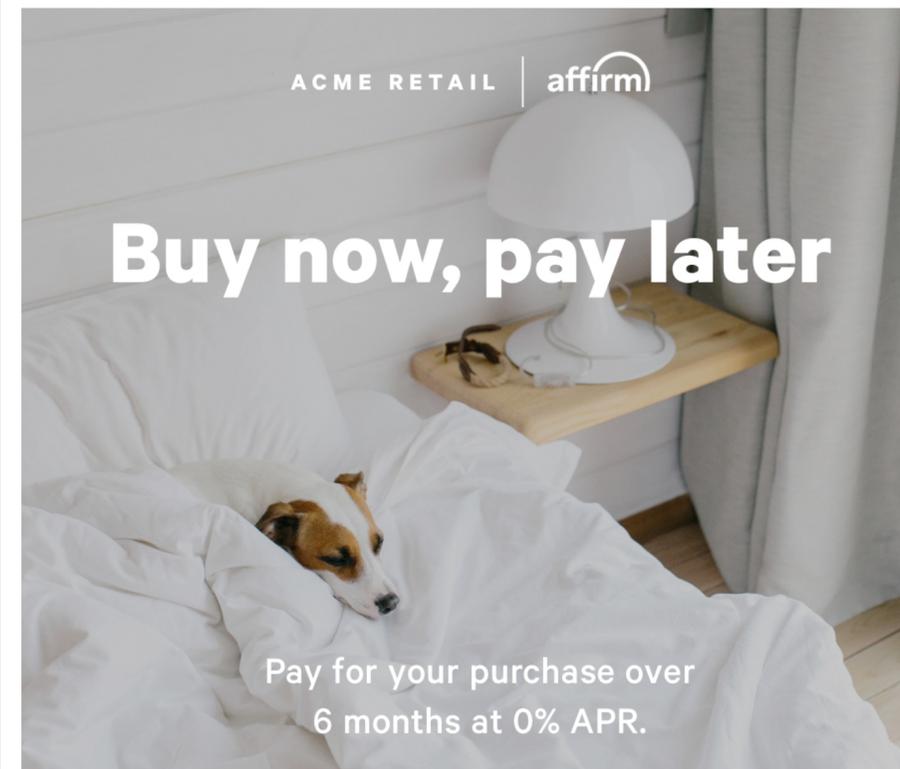
Your rate will be 0% APR or 10–30% APR based on credit, and is subject to an eligibility check. Payment options depend on your purchase amount, and a down payment may be required. Payment options through Affirm are provided by these lending partners: affirm.com/lenders.

TRIGGER TERM IN SUBJECT LINE, EXAMPLE IN BODY

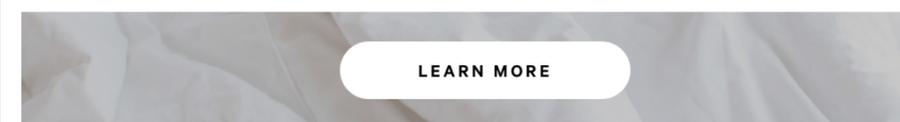


Get an Acme Mattress for as low as 0% APR

Acme Retail <hello@acmeretail.com>



You can now get a \$1,000 Acme mattress for \$83.34/mo over 12 months at 0% APR. See footer for details.



Your rate will be 0% APR or 10–30% APR based on credit, and is subject to an eligibility check. Payment options depend on your purchase amount, and a down payment may be required. Payment options through Affirm are provided by these lending partners: affirm.com/lenders.

TRIGGER TERM IN BODY, EXAMPLE BY CTA

Special guidance for video and TV

- For any videos/TV spots that mention trigger terms, a **representative example** needs to be included.
- Disclosures can be verbal or shown on screen.
- Disclosures must be legible to a reasonable person (8pt is a best practice).
- Introduction of disclosures: Be sure they're introduced at the same time as or before the trigger term, with enough video left to keep it on screen for the required length of time.
- Disclosures can be over any visual as long as they're visible at the bottom.
- Disclosures need to be based on a reading time of 3 words/second.

Final compliance reminders

Final marketing compliance reminders

- If **coupons/discounts/rewards** are offered, they should be redeemable across all tender types, including Affirm.
- Avoid “**no money down**” deferral messages when advertising Affirm as a financing option. Depending on eligibility criteria, certain customers may be asked to make a down payment at checkout.
- Be cautious when advertising “**free trials.**” Ensure the trial is actually free, including any interest that may accrue. If the free trial period is more than 30 days, it is possible that a loan payment will be due within that period. A disclosure may be needed such as the one outlined on slide 20.
- When in doubt, Affirm’s Compliance team is here to help!

Appendix: Consumer regulations

Unfair, Deceptive, or Abusive Acts or Practices (UDAAP)

Unfair, deceptive, or abusive acts and practices can cause significant financial injury to consumers, erode consumer confidence, and undermine the financial marketplace. UDAAP was established to prevent consumer harm by misleading or deceitful actions.

Preventing UDAAP in advertising

To avoid UDAAP risk, marketing must:

- Include all relevant information
- Be clear and easily understood
- Avoid a false sense of urgency
- Be honest

Additional context

Disclosures don't eliminate the UDAAP risk

- Disclosures are helpful with providing additional context, but they do not negate misrepresentations, omissions, or other deceitful claims.

Substantiate claims

- Provide a factual basis that underlies statements about the product.

Honor promotions & rebates

- All promotions offered must be honored—including any “risk free” trials, 0% APR financing, or money back guarantees.

Intent is irrelevant

- Regulators do not consider whether a company intended to mislead or cause harm when determining violations.

Fair lending

Fair lending applies to the entire lifecycle of a loan, including advertisement of the credit product. **ECOA** is a regulation that implements fair lending laws. Fair lending means:

- Treat similarly situated individuals similarly
- Avoid discouraging individuals from applying
 - Retailers cannot impose additional application requirements to the Affirm application process
- Target a broad demographic
 - While a retailer may be inherently attractive to a particular demographic, the retailer should avoid targeting Affirm financing on a prohibited basis. Prohibited bases include:
 - Race
 - Color
 - Religion
 - National origin
 - Sex
 - Marital status
 - Age (provided the applicant has the capacity to contract)
 - Income dependency on a public assistance program

CAN-SPAM Act

The **CAN-SPAM Act** covers all commercial messages, which the law defines as “any electronic mail message the primary purpose of which is the commercial advertisement or promotion of a commercial product or service,” including email that promotes content on commercial websites. CAN-SPAM includes business-to-business email. The FTC has provided the below guidance to comply with CAN-SPAM:

- 1. Don't use false or misleading header information.** Your “From,” “To,” “Reply to,” and routing information—including the originating domain name and email address—must be accurate and identify the person or business who initiated the message.
- 2. Don't use deceptive subject lines.** The subject line must accurately reflect the contents of the message.
- 3. Identify the message as an ad.** The law gives you a lot of leeway in how to do this, but you must disclose clearly and conspicuously that your message is an advertisement.
- 4. Tell recipients where you're located.** Your message must include your valid physical postal address. This can be your current street address, a post office box you've registered with the U.S. Postal Service, or a private mailbox you've registered with a commercial mail receiving agency established under Postal Service regulations.
- 5. Tell recipients how to opt out of receiving future email from you.** Your message must include a clear and conspicuous explanation of how the recipient can opt out of getting email from you in the future. Craft the notice in a way that's easy for an ordinary person to recognize, read, and understand. Creative use of type size, color, and location can improve clarity. Give a return email address or another easy internet-based way to allow people to communicate their choice to you. You may create a menu to allow a recipient to opt out of certain types of messages, but you must include the option to stop all commercial messages from you. Make sure your spam filter doesn't block these opt-out requests.
- 6. Honor opt-out requests promptly.** Any opt-out mechanism you offer must be able to process opt-out requests for at least 30 days after you send your message. You must honor a recipient's opt-out request within 10 business days. You can't charge a fee, require the recipient to give you any personally identifying information beyond an email address, or make the recipient take any step other than sending a reply email or visiting a single page on an Internet website as a condition for honoring an opt-out request. Once people have told you they don't want to receive more messages from you, you can't sell or transfer their email addresses, even in the form of a mailing list. The only exception is that you may transfer the addresses to a company you've hired to help you comply with the CAN-SPAM Act.
- 7. Monitor what others are doing on your behalf.** The law makes clear that even if you hire another company to handle your email marketing, you can't contract away your legal responsibility to comply with the law. Both the company whose product is promoted in the message and the company that actually sends the message may be held legally responsible.