

Marketing compliance guide

Adaptive Checkout™

Introduction

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

This guide is specific to our **Adaptive Checkout™** program. It provides a general overview of the requirements you'll need to consider, and how you can stay compliant.

Table of Contents

[01 The Truth-in-Lending Act \(TILA\)](#)

[02 Disclosures 101](#)

[03 Guidance for email, video, and TV](#)

[04 Final compliance reminders](#)

[05 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.

Note: The Adaptive Checkout™ program includes two credit products– Split pay (always 4 interest-free payments) and Installments (typically 6 and 12 months, with longer term lengths available) and as a best practice all advertisements of the Adaptive Checkout™ program must comply with TILA.

These messages trigger a representative example

**The number of payments,
if more than 4 payments**
(e.g., 6 payments)

The period of repayment
(e.g., 6 months, 12
months, etc)

**The monthly payment
amount**
(e.g., as low as
\$60/month)

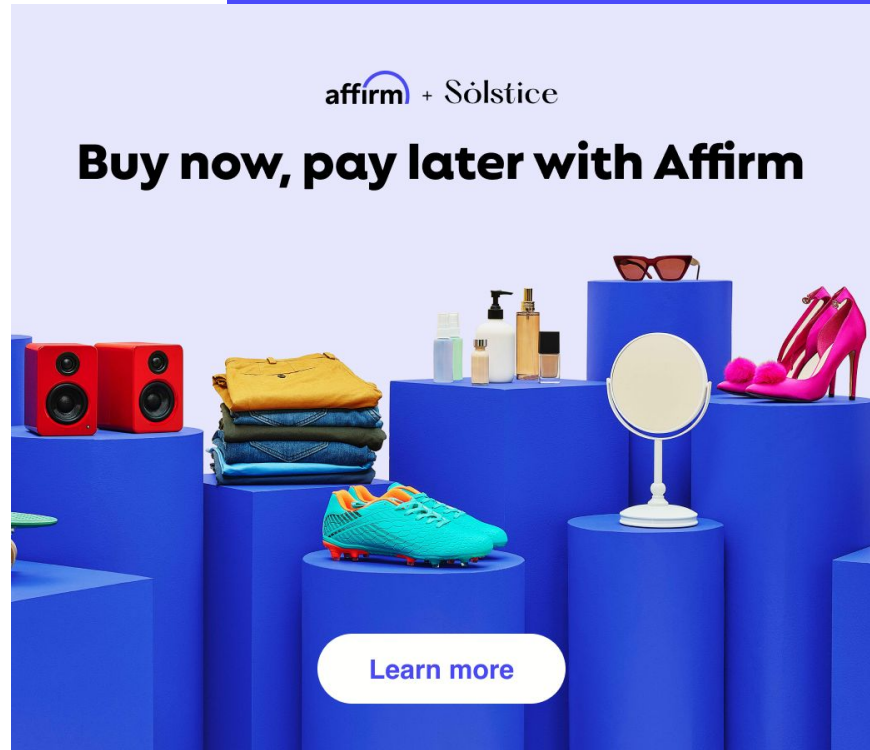
The amount of interest
(not applicable to:
“zero interest” or
“interest-free”)

**The amount or
percentage of any
down payment**

These messages do not trigger a representative example

- Affirm
- Monthly payments
- Pay over time
- Buy now, pay later
- Financing
- As low as 0% APR
- 0–36% APR
- Interest-free
- 4 interest-free payments

Note: Though a representative example may not be required, other disclosures may be. See slides 13–19 for more information on other disclosures.



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

Catch-all:

For example, a \$800 purchase could be split into 12 monthly payments of \$73 at 15% APR, or 4 interest-free payments of \$200 every 2 weeks.

Installments specific:

For example, a \$800 purchase might cost \$73/mo over 12 months at 15% APR.

Where to place the representative example

The example can be placed on the same creative as the trigger term – in close proximity, and in a smaller font size.

If there isn't room for the representative example on the creative, you can link directly 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

The exception to the one-click-away rule is **email**. In this case, the representative example must be contained **within the email**.

Pay over time, starting at 0% APR

3
months

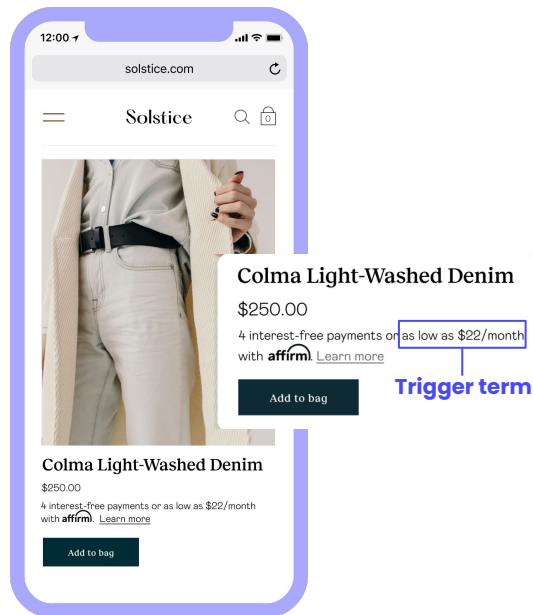
6
months

12
months

Example: A \$1,000 purchase might cost \$167/mo over 6 months at 0% APR

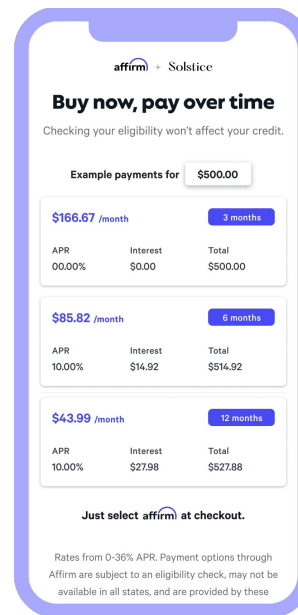
Sample representative example in a creative

Sample flow with TILA trigger terms



Product detail page

Modal launches from "Learn More" link

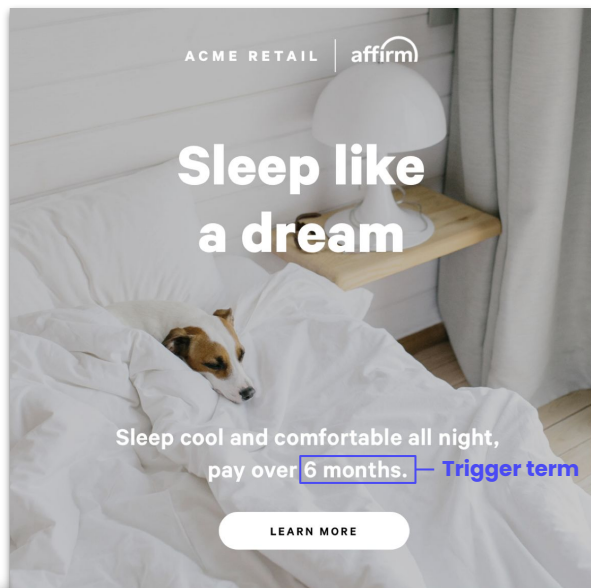


Representative example

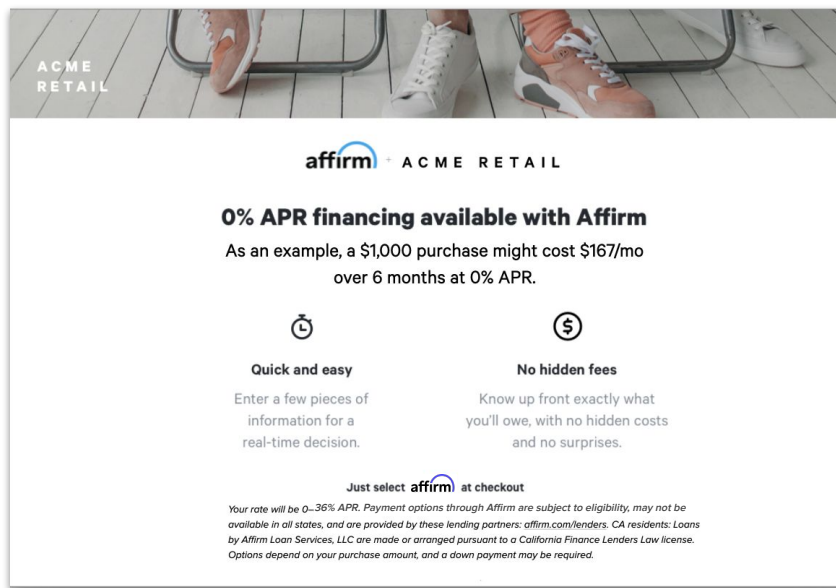
Page with Affirm modal preloaded

Close modal to return to product detail page

Sample flow with TILA trigger terms



Ad



Affirm educational page

Disclosures 101

Applicable to all marketing

- Disclosures inform customers of **actually available** terms
- They must meet a “clear and conspicuous” standard
- Interest rates must be phrased in terms of APR (e.g. as low as 0% APR).
 - 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 one of the following methods:
 - 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**

Level 1: Universal

Payment options through Affirm are subject to eligibility and are provided by these lending partners: affirm.com/lenders . CA residents: Loans by Affirm Loan Services, LLC are made or arranged pursuant to a California Finance Lenders Law license.

When to use this disclosure:

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

Level 2: Specific credit offer

Rates from 0–36% APR. Payment options through Affirm are subject to an eligibility check, and are provided by these lending partners: affirm.com/lenders. Options depend on your purchase amount, and a down payment may be required. CA residents: Loans by Affirm Loan Services, LLC are made or arranged pursuant to a California Finance Lenders Law license.

When to use this disclosure:

- Ad mentions Affirm and/or financing availability and APR (e.g. “as low as 0% APR”)
- No TILA trigger terms present

Level 3: Specific credit offer with trigger terms

Rates from 0–36% APR. For example, a \$800 purchase might cost \$73/mo over 12 months at 15% APR. Payment options through Affirm are subject to an eligibility check, and are provided by these lending partners: affirm.com/lenders. Options depend on your purchase amount, and a down payment may be required. CA residents: Loans by Affirm Loan Services, LLC are made or arranged pursuant to a California Finance Lenders Law license.

When to use this disclosure:

- TILA trigger terms are present, meaning a representative example must be displayed. *See page 8 for guidance on drafting a representative example of a typical offer through your Affirm program.*

Level 4: Specific credit offer with trigger terms and context-specific disclosures

Use when your financing program includes 0% APR on monthly terms for a limited time, or if other material limitations of the offer should be clarified.

Rates from 0–36% APR. [Add a sentence describing any restrictions of promotion]. For example, a \$800 purchase might cost \$73/mo over 12 months at 15% APR. Payment options through Affirm are subject to an eligibility check, and are provided by these lending partners: affirm.com/lenders. Options depend on your purchase amount, and a down payment may be required. CA residents: Loans by Affirm Loan Services, LLC are made or arranged pursuant to a California Finance Lenders Law license.

When to use this disclosure:

- TILA trigger terms are present, meaning a representative example must be displayed. See page 8 for guidance on drafting a representative example of a typical offer through your Affirm program.

See next page for examples of context-specific disclosures

Context-specific disclosures

These disclosures may be applicable, depending on the context

Limitations of 0% APR promotional offer

- *0% APR is available for 6 and 12 month plans for a limited time.*

Payment or purchase amount advertised does not include taxes and shipping (optional)

- *Estimated payment amount excludes taxes and shipping.*

When a free-trial program is marketed beyond 30 days (any interest already paid will not be refunded by Affirm, meaning the trial may be free from a *purchasing* but not a *financing* perspective.

- *Paid interest is non-refundable.*

Cart floor

- *Payment options through Affirm are available for purchases over \$50*

Where to find more information about Affirm

- *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** (see slide 8) needs to be clear and conspicuous, either near the trigger term or connected to a separate disclosure via a reference symbol (*) or reference text (“See footer for details”).
- Marketing emails must comply with the **CAN-SPAM** requirements outlined on slide 29.

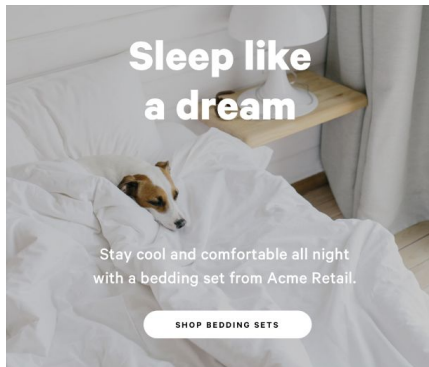
Sample flows: email

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 \$84/mo over 12 months at 0% APR. See footer for details.



Your rate will be 0-36% APR. For example, a \$800 purchase might cost \$73/mo over 12 months at 15% APR. Payment options through Affirm are subject to eligibility, and are provided by these lending partners: affirm.com/lenders. CA residents: Loan by Affirm Loan Services, LLC are made or arranged pursuant to a California Finance Lenders Law License. Options depend on your purchase amount, and a down payment may be required.

**Trigger term in subject line,
example in body**

Trigger term

Representative example

Get an Acme Mattress for as low as 0% APR

Acme Retail <hello@acmeretail.com>

ACME RETAIL | 

Buy now, pay later

Split your payments over 6 or 12 months,
plus other pay over time options

You can now get a \$1,000 Acme mattress for \$84/mo
over 12 months at 0% APR. See footer for details.



Your rate will be 0-36% APR. For example, a \$800 purchase might cost \$73/mo over 12 months at 15% APR. Payment options through Affirm are subject to eligibility, and are provided by these lending partners: affirm.com/lenders. CA residents: Loan by Affirm Loan Services, LLC are made or arranged pursuant to a California Finance Lenders Law License. Options depend on your purchase amount, and a down payment may be required.

**Trigger term in body,
Example by CTA**

Trigger term

Representative example



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 financing through Affirm.
- **Do not use “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.

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.

CAN-SPAM Act

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.

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.