PODCAST TRANSCRIPTION SESSION NO. 287-BRAD PATERSON

Welcome to the Lend Academy Podcast, Episode No. 287, this is your host, Peter Renton, Founder of Lend Academy and Co-Founder of LendIt Fintech.

Now before we get started today, I just want to give everybody a heads up. We are rebranding the podcast, this is going to be the last episode of the Lend Academy Podcast and we'll be re-launching the podcast as Fintech One-on-One which is really a better description of what we do here. So, I wanted to give you all a heads up that the next episode you'll see, it will be a new...there will be graphics, there will be a new name. You should be able to get it just in your regular feed, like you always have before, but we'll have a new name so I want to give everybody a heads up on that one.

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Today's episode is sponsored by LendIt Fintech USA, the world's largest fintech event dedicated to lending and digital banking. LendIt's flagship event is happening online this year on April 27th to 29th with the possibility of an exclusive VIP in-person component. The verdict is in on LendIt's 2020 event that was held online with many people saying it was the best virtual event they'd ever attended. LendIt is setting the bar even higher in 2021, so join the fintech community at LendIt Fintech USA where you will meet the people who matter, learn from the experts and get business done. Sign up today at lendit.com/usa

Peter Renton: Today on the show, I am delighted to welcome Brad Paterson, he is the CEO of Splitit. Now, Splitit is in the very heart Buy Now Pay Later space, but they have a different approach to the other players. They allow a consumer to use their existing credit on their credit card to make installment payments on a purchase.

We go into obviously that in some depth, exactly how it works, you know, we talk about what's involved on the merchant side, we talk about the risks involved, how they're able to do this technically and we talk about the fact why they've become a public company, the recent news that they have a $150 Million facility with Goldman Sachs. Brad gives us what he thinks...interesting technologies for the future of payments and much more. It was a fascinating episode, hope you enjoy the show.

Welcome to the podcast, Brad!

Brad Paterson: Thank you for having me, Peter, great to be here.

Peter: Great to have you. I know, you talk funny just like I do, so why don't you give the listeners a little bit of background about how ended up coming to this country and just the highlights of your career to date because I know you've been at some of the biggest names in finance so tell us some highlights.

Brad: Sure, happy to. Yes, I'm from Australia, I grew up just north of Sydney on the beaches. I left actually Australia when I was 25, over 20 years ago, spent a lot of time living in Asia, out of Singapore, moving back, but during that time met my wife who is from the States. She grew up in California and about five years ago, she wanted to move home. I was lucky enough to be working with Intuit at that time. Most people know this as QuickBooks or TurboTax and they asked me to move over here to run part of the business over here.

So, combination of family and work brought me to the States five years ago, I love it here, it's fantastic, a lot of Australians here, a lot of innovation in California. Before that, 20 plus years in financial services, fintech we call it now or in payments. Lucky enough to cut my teeth at Visa in payments and them moved across to PayPal, helped start PayPal in Australia and then across Asia Pacific, spent seven or eight years there after five or six years at Visa and then moved into Intuit where I lead the QuickBooks Business and, again, built that from scratch, you know, in Asia-Pacific starting with Australia then across Asia before moving to the States so a good...I mean, cutting my teeth at Visa was brilliant to learn the payment system and then a lot of building businesses after that.

Peter: Right, right, yeah. I mean, that's sort of a great background for a Buy Now Pay Later CEO because you've hit certainly some of the innovative companies in the space, but maybe you could sort of...with that background, what made you decide to take a job at Splitit after working with some of these big names.

Brad: A couple of things, I love the product, I love it, it was different, we see ourselves as complimentary the space. It's not a popular view, but Buy Now Pay Later product is essentially a new form of credit card, they're financing the transactions at the point of sale. I think it's incredibly innovative, it drives financial inclusion when done the right way and it's expanding the people that can participate which is fantastic, it's essentially a new credit card, though. What I love about this model is it's the same mindset applied to a credit card because it lets you use your existing balance in a credit card to pay over time and it was different.

The benefit, as I inspected that a little and speaking to a number of merchants and consumers, the benefit was real and it reminded me of my early days at PayPal. This was like a really powerful benefit that people could articulate with the merchant. The product worked, it just needed to scale and I think given the business model running in partnership with credit cards just allowed it to scale. It was a playbook we knew well from previous payments landscapes which was really bad execution, building the foundations to allow us to grow, but executing with a really strong bet on micro plans. Those two things, strong benefits and a playbook, are new so it was like coaching the right team so that was something that excited me.

Peter: And so, did Splitit actually start in Australia or did it start in the US?

Brad: It started in Israel funded by some Israelis.

Peter: Really, interesting.

Brad: We're complicated, we are founded in Israel, listed on the Australian Stock Exchange and headquartered out of New York, it's a complicated relationship. Actually, installment payments or Buy Now Pay Later is ground into everything you do in Israel. You can buy even groceries for $15 in the last few weeks, you have to split that.

Peter: Interesting.

Brad: You can put that in three installments or $5 or I'm exaggerating, but, generally, you are asked at the point of sale, would you like to split it, would you like to pay in installments? So, it was born there, the founders had a vision, how do we take that not only to the rest of the world, but to e-commerce and it only works as a bilateral payment relationship so taking that beyond that, making it agnostic and then taking that around the world.

So, the founders worked on this for five years to build the architecture of the product, get the payments in place and listing on the Australian Stock Exchange was natural given the success of some companies down there and building a Buy Now Pay Later company. The investment market understood this product a lot better back then.

Peter: Right, right. Yeah, Australia really leads the world, it seems, in this nascent industry, but fast-growing industry. So then, can you just delve into the product, I know you described it a little briefly there, but I'd like to delve into it a little bit, exactly what it is, what's the tech behind it and how it works.

Brad: Absolutely. In the simplest form, we're allowing people to pay over time in installments using the balance they have available in their credit card. So, let's imagine you're going to buy a bicycle for $800, you can purchase that bicycle now for $800 and you have to pay that off in 30 days time before you're charged interest on your credit card to pay if you have the balance of $800.

Or, what we allow you to do is we say, let's say you want to pay that over time, ten installments of $80, we'll place a hold of $800 on your card so you don't over extend yourself and builds back to the card $80 every month. So, you only have to repay the $80 before you pay interest or fees, we're not extending credit to you, there's a financial institution that's behind that credit card which decides which credit you can have. We are placing a hold and we refresh that hold every month. So, it's allowing people to purchase what they need, what they want it now, but without over extending themselves so there's new debt or no new credit at the point of sale.

Peter: Right. But, they do have to have that space on their card to be able to put a hold on, otherwise, you decline them, right?

Brad: Well, we don't decline them, the issuing bank declines them, but, yes and I think that's what makes us very different. We're not extending credit to people, we're actually checking to make sure you have the credit and allowing you to use our technology to split that over time.

Peter: It's interesting because all the other Buy Now Pay Later players, you know, have a different approach, it seems, they're not using existing credit cards. So then, where are you operating, tell me what geographies you're actually operating in today.

Brad: We are headquartered out of New York, the US is our headquarters, it's where we're focused on winning and where most of our team are based. Our technology is out of Israel and then we have offices in Australia, in the UK as well.

Peter: As far as the market, are you going....is it just primarily in the US right now?

Brad: Wherever a Visa or Mastercard is accepted or wherever a Visa or Mastercard is held, you can use Splitit. So, we have merchants in over 30 countries, we have shoppers in over 100 countries.

Pete: Visa and Mastercard are in every country in the world, right.

Brad: Exactly. That's what makes us different is wherever there's a credit card used or accepted, we're relevant. I think we're focused in terms of where we put most of our time and effort is into North America and the UK and Australia, but we can be used and we do serve people all around the world.

Peter: So, how does it work then if.....so you're saying you can use it anywhere Visa or Mastercard are used, obviously, you have merchants. I've seen some of the merchants where it's a sleek, it's a nice interface where you can just........ it gives you the option to pay in full or pay with Splitit, I imagine...what happens if you come to a merchant that .....they're trying to buy something where the merchant isn't with Splitit, how does that work?

Brad: The merchant needs to accept Splitit so what we're doing is we're building out again an acceptance business and then educating consumers of what we do so they choose us when they see the brand and they understand that. So, we're building out an acceptance business, they need to accept that, there's a number of different ways that can happen.

Payment gateways are working with us to distribute our product and install that into merchants, we're selling directly into merchants, we have a lot of demand coming in as well. So, really what our job is to build that acceptance and educate consumers to understand that so when they see our brand, they understand what that does because we're so different.

Peter: Right. So, do you do any underwriting at that time because, obviously, you're not taking credit risk because the amount is on the card. I imagine, the merchant wants their money so you're fronting the money, I take it, and then there is some risk obviously that that person is going to close down their credit card or just not pay. What is the risk here you're actually taking?

Brad: It's minimal and it's one of the things that makes our model unique. We're a technology layer, we're not essentially issuing credit or collecting the credit, we're a technology layer that it allows us to happen on an existing card system. What does that mean? So, yes, you're right, retail or merchant businesses want cash now, not all of them though, We have two models, do you have the cash now or do you want it over time, there's a fee if you want it over time versus wanting that now, we enable both models, we underwrite the merchants as they come in to make sure, just standard underwriting in terms of credit worthiness because we're extending you the money now, making sure the products are delivered on time, etc., relatively light touch though given our model.

On consumers, we don't underwrite at all because we are not actually issuing credit to consumers. The risk, we guarantee the funds to the retailer and to the merchant. So, if you are a retailer, you want to receive your funds, we guarantee you'll get that over time, we'll take care of collecting that from the consumer. The way we do that is we almost guarantee that money through the hold on the card. If the funds are available, we know that's there and every month we'll go and get it back to the card for a monthly installment.

Peter: So, what happens if the consumer tries to cancel their credit card during that payment period?

Brad: It's no different to any pending authorization that you have on your card today, I mean, that it's held there and that's been approved, that's something that you owe, but it's not billed to the card immediately.

Peter: Right, okay, okay. So, you are fronting the money, but, I imagine.....so your losses, I mean, can you tell me like are the losses very close to zero?

Brad: Yeah. It's very close to zero, we say it's negligible, we don't report it because....we actually didn't report it because there is really nothing there. We now say it's negligible because there are sometimes those authorizations fall over or different nuance things that happen that are very complicated and nuanced payment systems, but it's close to zero, it's in the single digit most of the time.

Peter: Right, right. So then, your big challenge is to bring in, you know, thousands, tens of thousands, hundreds of thousands of merchants, I guess.

Brad: Correct.

Peter: Explain sort of the on-boarding process that you go through with the merchants.

Brad: Essentially, we're connecting from merchants’ payment gateway. Where the merchant is sending us the transaction, we're putting that trust system which allows that to be turned into an installment transaction versus a binary one and send that back to the gateway into the payment system. So, we sit between the merchant and the payment gateway, we're integrated and over supported by over 90 payment gateways around the world, but every merchant that we integrate with, they need to set up a new merchant ID with that gateway account, etc. etc. that integrate our APIs.

So, we are improving the on-boarding process now through a partnership with Stripe which means this can be done now in hours. Before, it was taking merchants weeks or months to work with the other payment gateways to get the startup. So, there are a number of payment gateways that will do this in hours or days, there are others where it can take weeks or months because there are different systems that people operate in different ways.

We're now bringing this down to be in a much quicker space, we have a lot of work to do, we're not satisfied with how long it takes to on-board on to Splitit, we're not satisfied with how simple it is. This is one of our big focuses which we continue to innovate to bring that down to ......I can be accepting installment payments in minutes.

Peter: Right. I'd love to see what kind of difference....obviously, you're working with a number of merchants already, what's the difference when someone starts adding this. I'm sure you do have stats on what the lift is for their revenue, do you have some sort of averages there you could share?

Brad: We do have a number of case studies on our website. It's consistently suggesting that conversion rights with Splitit for retailers is nearly double. Some people will say it’s triple, some people will say maybe it's one and a half, but on average, it's about double the conversion rate. The reason is we're allowing you to use the credit you have, we're allowing you to one..... there's only one step of friction in the checkout process which is choose the number of installments, that's it.

There's no application, there's no entering personal details, there's no fear of impacting the credit score because I already have the credit so it's incredibly simple. You X, the approval rates are over 80%, the same as the credit card if you have the balances approved. So, we're actually helping retailers sell more by converting existing browsers into buyers, that's leading to conversion rates of 2 to 3X improvement over the standard. They're translating that into 20 to 30 slight increase in sales, either though a much higher average order value or a much higher conversion rate.

Peter: And are you seeing...is this happening...are most people buying through a mobile or is it a desktop browser, I mean, what's the sort of usage on the consumer side?

Brad: It's predominantly mobile, as you would expect, a lot more browsing on mobile to maybe completion, but pandemic changed this, we actually saw sort of shift back to the desktop.

Peter: Right.

Brad: We actually spend a lot of time sitting in front of a desktop at home, maybe not always, and least in front of a laptop if not an iMac or something similar. But, I expect that would shift back to mobile in time, I think there will be an even bigger shift back to mobile as we start to see the convergence of contactless and cloud-based checkout in the future. But, at the moment, it's still predominantly mobile, but it shifted back to desktop in the last twelve months.

Peter: Right, right, okay. When I was doing a little bit of research for this, I was browsing a number of different websites. I was surprised when I came across one that offered yours and one or the other Buy Now Pay Later type offerings which.....

Brad: Absolutely.

Peter:....so, do you see yourself as complimentary or how do you view the other Buy Now Pay Later players?

Brad: We do, we absolutely are complimentary. We're often asked, how do you compete against some other names in the industry? We don't, we're complimentary. We don't offer exclusive terms in our contract because we don't believe that we're competing with those companies. And the reason is, our customers told us this, there are consumers and shoppers with a credit card that don't want to go into more debt, they want to use that existing credit they have more effectively and there are people that need new credit or they need to confine that transaction for a neighbor or what they have at that moment in time. Those are complimentary needs, they are not mutually exclusive.

So, we position ourselves as complimentary, we can plan about our partners carefully, Purple Mattresses, great product, great brand. They accept Spliit and Defer Buy Now Pay Later type transactions, they position us prudently, next to each other, side by side to see the difference between the two systems incredibly well as well which is through your credit card application. If If you have the balance sheet, you can do it today and the other is financing, apply for financing, pay it over time and the need to start with no interest rate which is new credit to you.

Some of them said publicly that both of products are improving conversion rates and we're doing it in different ways, but both are needed because these are two different types of consumers that they're serving and two different types of needs. Serving just one is forcing people that want to pay over time into accepting or having to get new debt or if you're only accepting Splitit, you're only serving people that have the credit available. So, we see them both as complimentary needed at the checkout.

Peter: Right, right, interesting. So then, is it primarily big ticket items, I mean, are these $500 - $1,000 items because you don't need to split a $20 item, I imagine, where are you targeting your offering?

Brad: Great question. Wherever a credit card that can be accepted we are used. We see transactions from $60 up to $60,000.

Peter: Wow!

Brad: The benefit of our model is if you have big available balance in your credit card, you can split it. So, I've seen jewelry purchased for $50,000/$60,000 into three installments, these are people that don't need to do that, but are choosing to do that. We've seen $60 shoes being split into six installments at $10, these people want to or need to do that. Now, where to focus, I'll tell you one of the first things we did when I joined was look for product market fit and the product market fit was really any transaction over $300, we started to add a lot more value.

We're gravitating close to higher than that, we will serve anywhere, but we have the most value over $300 up to $1,000 and a lot of our peer companies are complimentary. They start to max out at $1,000 in terms of the credit they will issue you for that transaction so that's where it's complimentary, but we drive a lot more benefit $300 and above.

Peter: It's interesting because obviously the whole, you know, credit card game now, there are so many rewards that people are focused on and you're not giving up your rewards even though you might not want to pay that off, you can still do ....really, I can see how this is.....so you're paying the exact same amount, right, whether you put it over six....like you get to choose how many installments or how does it work there?

Brad: You do, there's a different cost of funds, there are no different fees to the retailer, depending on how many installments they offer, so it's up to the retailer. They can offer up to 12 and an exception of up to 24 or 36 months, there's a different cost associated, it's up to the retailer. So, that would go to a business case that says, I only need to offer three and I'm driving conversion or now I actually need to offer 12 installments to improve conversion which comes at this cost.

Most people would do this, we'll run them a pretty simple ROI and so the improvement in conversion outweighs the higher cost of 12 installments versus three, but every individual business is different, it goes to their margins, what they need to achieve in terms of conversion improvements to justify that cost.

Peter: Right, right. So, you're really more of a B2B player, right, I mean, obviously....do you have a consumer facing offering at all. I mean, I don't think I saw an app, how do you interface with consumers as opposed to businesses?

Brad: Yeah, you're right. We don't have an app yet, we are predominantly B2B. What is consumer facing is our brand. Consumers need to understand who we are and what we do and payments is very much a trust business. If I trust you to process my payments and my money, you need to overcome that hurdle, otherwise, you won't be successful so we've made great leaps and strides in that space in the last 12 months and part of us.... while we're doing that it's putting more of our efforts into educating consumers, building trust and helping them to be comfortable, but this is a way for you to shop with confidence and in a responsible way.

So, we'll continue to do that, we will not be issuing credit to consumers, that's not what we're here for, that's not in our founding principles, that's not something that we will invest in to do that directly. But, we will invest more and more in terms of giving consumers greater utility and flexibility as to how they use Splitit, whether it's in mobile or in other ways as to how they do that. You're right, we are B2B, we need to be accepted; if we're not accepted, we're not relevant, it's not issuing credit and pushing you to place this, to use this elsewhere, that's a different model, again, which makes us different to others in the industry.

Peter: Yes. I imagine, people might be up to check out pay, huh, that's cool, like six installments, 12 installments, I've never heard of this company so they probably will browse or type in Splitit and see what happens. I mean, you probably have that a lot where....you know, it seems reasonable, let me give it a try. The thing is, once someone's done it once...I mean, do you allow...I imagine, consumers will then say, I want to do this at other places that I spend money on a lot. Do you have like a consumer evangelist to sort of help drive the B2B?

Brad: We are, we can say yes, but we're building that out now. So, we're building out a marketing team, anyone in marketing that's interested in joining a great innovative company, give me a yell, but we're going to get that team now, we're doing a little bit of that now and more so this year. This is the new pillar in our strategy to really invest in 2021 and beyond.

Peter: Right, right, okay.

Brad: Maybe you're right, the number one thing I hear, I used to hear this at PayPal, believe it or not back in 2005, who is PayPal? I mean, you couldn't pass the barbecue test let alone have consumers to have confidence in purchasing unless they used you on e-Bay, fast forward 15 years, you can't imagine that being the case, we're in a similar journey. At Splitit, what do you do? We do a little research and we build confidence, but we are hearing it more and more often. We have an NPS greater than 65 and the people that know what we do and have used us love it. The question is, why can't I do this everywhere?

Peter: It just makes a lot of sense that this should be available, I mean, what is the competitive moat you're building, is it because...I'm just curious because it's a simple idea, it's amazing the idea wasn't around ten years ago, but it wasn't. So, what's the competitive moat you're building?

Brad: First and foremost which we don't rely on, it is credit where we started, is our patents. We have patents that run through to 2032. It's the IP that the founders protected early and makes it a scalable model that is low risk. Secondly, is tech, you need to connect to all these different payment gateways or build your own payment gateway and that's not easy so you need to build that and have that.

We've spent five years doing this, seven years doing this. And then it's acceptance and understanding, everything I just said about trust and acceptance, that takes time to boot out as well. So, we are on that last mile of this now or going at that moat and this is really where we're investing and accelerating growth in terms of that acceptance and understanding.

Peter: Right. So, I'm curious about......you are a public company listed on the Australian Stock Exchange and I will share the symbol for everyone if they can go in the show notes, why did you decide to go public, one and why did you decide to go public in Australia?

Brad: I'll tell you about the story that I heard and try to make sense and then we'll talk about Australia. Reason to go public was we're always looking to raise money to help grow the business and you get them in the private markets or the public markets and I think given the work of that some of peer companies formed, especially Afterpay building out a lot of products in Australia, it helps the investment market there understand the Buy Now Pay Later space well in advance of other parts of the world. So, it was just seen that the market understood that, investors understood that were more willing to invest in a company in this space. The fact that we were doing it differently, now we have to educate why we were different to other people. That's why we went public, that comes with a number of opportunities and a number of challenges in doing so.

Why Australia? We can talk a bit more about why Buy Now Pay Later in Australia, but the ASX is where, I think, it was forged that industry and the innovation out of Australia in the space is second to none.

Peter: Yeah, it's really interesting. You know, like you've got, Afterpay's worth more than US$30 Billion, you've got Affirm that's close to that, you've got Klarna, I just read this morning that it's going to raise money at a round close to $30 BIllion so you've got these monster evaluations......is that helping Splitit or because you're obviously.....you say you're complimentary, but you still do it at the point of sale so it feels like the Buy Now Pay Later space, it's the hottest space in all of fintech. So, is it helping you guys, do you think?

Brad: It doesn't hurt, I think it doesn't hurt at all, I think we need to be clear. We have some work to do so everybody understands that we're a complimentary option in the space, number one. So, both known and understood and we continue to do that for the investment community here in the States, Australia and abroad. Number one, yeah, it definitely helps. I think longer term, will all of those parties.....there's a battleground for consumer financing to issue consumers new credit.

Peter: Right.

Brad: We are not in that battleground, we're not there. There is battleground there and I think people are backing different horses as to who's going to win that race. We feel that we're running a race alongside them that creates great momentum for us to capitalize on, but we're not going to sit on our laurels and just wait for that to happen. We're going to grow with a different model.

Peter: Speaking of which, I was just reading recently you signed a $150 Million facility with Goldman Sachs, I presume that's to help fund the business as far as paying off merchants, that sort of thing, but maybe explain what that money is actually used for and was it important to get like a blue chip name like Goldman Sachs. I don't think there's any bigger name in finance than Goldman Sachs. Was that important to get them on board?

Brad: Yeah. So, the $150 Million facility is solely used for advancing funds to their merchants so they can have the cash now and we'll collect it over time. So, the more we grow, the more that we need to do. That turns into essentially $600 Million plus per annum because the book turns over about four times a year and that's a three-year agreement so you're simply looking at $1.82 Billion worth of funds we can advance to merchants over three years.

That's a very important stage about growth, as we're growing we want to make sure that's there so that's not slowing us down. Earlier in the year, we had exploded on the growth and we didn't have that there. We fixed that with bridge facilities, now we've really moved to partner with a blue chip company such as Goldman Sachs that can provide that.

It was important for a couple of reasons, one, I think that the partnership with the company like Goldman enables us to grow in many different levels beyond the credit facility not just there, I think they're bringing a level of expertise into the space which will help us become enterprise-grade versus where we're at today and evolve that quickly over time.

And, finally, they're investing heavily in the space, I'm saying that they will provide and will fund a number of facilities, they're investing in the space and I think that's a vote of confidence in our business that they see us fund the suppliers in the space that will be here for sometime and will grow and they can benefit from as well.

Peter: Right, right, okay. We're almost out of time, but I want to get to a couple of more things before I let you go. I'm interested in getting your thoughts...I mean, you've been around the payment space for a long time and we've seen this huge growth of Buy Now Pay Later, you've seen the pandemic has caused a switch to debit. Credit cards are down, you know, the total transactions down for the first time in a long time. What technologies are you paying close attention to? What do you think is going to, you know, rule the future of payments?

Brad: There's two different views. One is not new and one is quite hot, one that's certain is mobile, we're really looking at how will...the way you use your device to pay, how will that change and I think what we're seeing is just going to be a convergence dramatically now (as shops reopen people will re-enter the economy outside of e-commerce, cloud-based checkout, cloud-based payments driven by your mobile and consumers initiating those transactions more than a retailer initiating those I think has changed forever, we're going to see a lot of evolution there.

That's exciting for us because that allows us to become an e-commerce brand in-store quickly and much more easily without investing in infrastructure to do so. So, we're watching that closely, we're doing a number of tests with different partners in the space.

The other area on the complete other end of the scale is blockchain, how do we use blockchain technology, not necessarily crypto, blockchain technology to help us expand forms of payment. We are operating on credit cards, but can you use that to operate with debit cards, with other local payment options around the world, how can you scale crypto quickly globally with blockchain technology and what you couldn't by using traditional payment means.

So, does that mean that we're looking at the early stages and we're looking at very closely and then, of course, we're looking at machine learning as to how you really turn your data into an asset that you can use to build better product for your customers.

Peter: Yeah, interesting, interesting. So, what is it about Australia and Buy Now Pay Later? Is it just because Afterpay started there or is there something else going on in Australia?

Brad: Nick and Anthony have built a brilliant product but innovation in Australia, in fintech has been around…it predates me and I have been around for a long time, but...you would know this, Peter, but some of your listeners may not. There's a great point of sale debit network in Australia called EFTPOS and most transactions in Australia will happen on that network. It's a PIN-based debit transaction not a point of sale and then they were one of the first countries to move to chip and then to contactless. I think it's 20 million people versus 300, there's four banks versus 400 and it's a relatively small ecosystem, but it's vibrant.

The economy is vibrant and it promotes innovation where you have a vibrant economy, you have small number of people or a small number of players, they can do that. It makes it all so hard, it makes it hard because a small number of players can sometimes control it, but there is an Australian mentality of I think to battle against the odds and to find a way to challenge the establishment. I think that serves as an innovation so I think all those things come together in the fintech space which drive a lot of innovation. I think there's a lot of great company stories out of Australia, but I think it all stems back to some of those points.

Peter: Right, right, fair enough. So, last question then, what's on tap for Splitit this year, what are you focusing on right now?

Brad: Serving our customers, we're really focused on acceptance, more people accepting the product, I think really leaning into more product innovation now, leaning into our consumers into other areas which we will release later in the year or as time goes on. I think being clear that there's another way to pay, I think we have a lot of work to educate, we're not well known and we're starting to hit the inflection point where that is changing.

People are increasingly knowing us and I think the repeat use and the NPS is showing that there's......we need to accepted in more places because the demand is there. So, our job is not just to accelerate that, but to really educate the industry, whether it's retailers or consumers, there's another way, you don't just need to go into new credit to make these purchases over time.

Peter: Okay, we'll have to leave it there, Brad, it's really fascinating. It's a great product, you certainly got a huge opportunity ahead of you, so best of luck.

Brad: Thanks for having us on, Peter.

Peter: No worries, see you.

Brad: Bye.

Peter: It's amazing, this is a pretty simple idea, amazing it hasn't been done before, but Splitit has taken the reins of this and really the timing is great. Brad and I were talking after we stopped recording and we were saying, oftentimes, it's a timing issue. Someone might have had this idea 20 years ago, but it would have been really hard to implement.

Today, we have the technology, we have the ease of use of checkout, people are used to now having multiple options to checkout. You know, there's Amazon Pay, there're PayPal, there's other Buy Now Pay Later so they're more open I think to doing something like this. This is an idea that is going to have traction, whether Splitit wins this race, someone is going to be able to dominate the sort of paying installments with your credit card space. Splitit, obviously, have a head start and have a great shot at really becoming the default here.

Anyway on that note, I will sign off. I very much appreciate you listening and I'll catch you next time. Bye.

Today's episode was sponsored by LendIt Fintech USA, the world's largest fintech event dedicated to lending and digital banking. LendIt's flagship event is happening online this year on April 27th to 29th with the possibility of an exclusive VIP in-person component. The verdict is in on LendIt's 2020 event that was held online with many people saying it was the best virtual event they'd ever attended. LendIt is setting the bar even higher in 2021, so join the fintech community at LendIt Fintech USA where you will meet the people who matter, learn from the experts and get business done. Sign up today at lendit.com/usa

(closing music)