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TARGET MARKET DETERMINATION

Medium Amount Credit Contracts

DATE

The date from which this TMD is effective is 5 October 2023.

INTRODUCTION

This document is intended to comply with our obligations under the *Corporations Act 2001 (Cth)*, *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019 (Cth)* and other legislation, which requires the determination of a target market for our products, and associated purposes. It will give the consumer assistance in determining whether the product is aimed at them, whilst at the same time allowing us to gauge whether the products are meeting their intended market. This document is called the Target Market Determination, hereinafter referred to as "TMD".

It is also intended to provide consumers, and where appropriate, distributors with an understanding of the class of consumers for which the product has been designed. It takes into account the objectives, needs and financial situation of those members of the target market.

This TMD is not intended to replace other documents related to the products provided by us which set out the terms and conditions relating to the product upon which we expect you to rely when making a decision about applying for the product, including, and in particular, the contract document which will be sent to you prior to you entering into an agreement with us.

PRODUCT

The product to which the TMD relates is the **Medium Amount Credit Contract** ("MACC") offered by us, that is, loans in which:-

- the amount borrowed is between \$2,200 and \$5,000 inclusive of all upfront fees; and
- the MACC is able to be secured over any chattel able to be registered on the Personal Property Securities Register.

These loans are medium amount credit contracts as those terms are defined in the National Consumer Credit Protection Act.

TARGET MARKET

MACCs have been designed for consumers who:

1. require a regulated consumer loan of an amount of between \$2,200 and \$5,000 including all upfront fees for any legal personal purpose;
2. are 18 years of age or over;
3. are Australian citizens, permanent residents or valid visa holders;
4. can provide adequate security which can be registered on the Personal Property Securities Register;
5. require a loan term of 12 months;
6. require a fixed interest rate;
7. can afford to repay the loan and all fees and charges associated with the loan; and
8. are employed and have been employed for 3 months or more.

The key attributes of the MACCs are as follows:

1. a minimum loan amount of \$2,200;
2. a maximum loan amount of \$5,000 including upfront fees and charges;
3. a fixed interest rate for the whole of the loan term;

4. regular repayments of a set amount from the start of the loan including principal and interest; and
5. the loan term will be 12 months.

The key attributes of MACCs make the product appropriate for individuals who:

1. are seeking a loan for any legal personal purpose;
2. are 18 years of age or over;
3. are Australian citizens, permanent residents or valid visa holders;
4. are employed and have been employed for 3 months or more;
5. require a loan between \$2,200 up to a maximum of \$5,000 (including upfront fees);
6. are able to provide security for the loan;
7. require certainty around the amount of interest they will be charged, the amount and frequency of their repayments;
8. can afford the loan and the upfront and ongoing fees and charges; and
9. want to repay their loan over a loan term of 12 months.

CONDITIONS AND RESTRICTIONS ON SUPPLY

MACCs have not been designed for any consumer:

1. who is not of legal capacity;
2. who is not 18 years of age or over;
3. who is not an Australian citizen, permanent resident or valid visa holder;
4. who is in financial hardship (or who in our opinion is likely to be so within the foreseeable future);
5. who cannot provide suitable security;
6. who does not presently have the capacity to repay the loan within an acceptable period, being 12 months;
7. where the loan, if provided, would not meet the consumer's requirements or objectives;
8. who is currently unemployed and has not been employed for 3 months or more; or
9. who is solely reliant on Centrelink benefits.

HOW WILL WE KNOW IF THE PRODUCT IS NOT MEETING THE TARGET?

Based on the description of the target market above, we believe that it is unlikely that the product will not meet the target market. Nevertheless, we will carefully monitor the consumers who access the loans to ensure that the loans are made to consumers that are within the target market. If they are not, we will review the product and change its key attributes to ensure that the target market is met.

DISTRIBUTION

It is intended that the method of distribution to consumers in one of two ways:

1. Direct distribution
Distribution by this method will be primarily through our website or our sales team. All employees involved in this form of distribution are required to undergo training and to require consumers to provide sufficient information and documentation as part of the application process to ensure that consumers are within the target market set out in this document.
2. Third party distributors
After entering into appropriate arrangements with third party distributors (including accreditation and training), we will allow those distributors to initiate the supply of our product to consumers.

Those distributors must:

- be the holder of any necessary licence or authorisation required under the *National Consumer Credit Protection Act 2009* or any similar legislation;
- be adequately trained and accredited to our satisfaction;
- ensure that any application submitted by a distributor complies with all our policies and procedures;
- ensure that the distribution of this product is consistent with the needs, objectives and financial situation defined in the target market for this product;
- ensure that the consumer seeking this product is willing and able to pay the fees associated with this product to access this product; and
- maintain adequate records for reporting purposes.

Distributors must report to us quarterly as follows:-

Complaints: any complaint received by the distributor in relation to our product or our performance in dealing with the consumer within 10 business days of receiving the complaint. The information provided to us must include sufficient details to enable us to identify and contact the consumer, and ascertain the content of the complaint.

Significant dealings: if the Distributor believes that a significant number of consumers who obtain the product fall outside the target market (being more than 10% of all MACC consumers), details of the significant dealings including the date or date range, and details of the dealing. The information must be provided to us within 10 business days after the person becomes aware of the significant dealing.

REVIEW

We will review this TMD on the occurrence of any of the following triggering events:

- on there being a relevant amendment to *National Consumer Credit Protection Act* or any associated Act or Regulation which has the effect of significantly altering the rules relating to the provision of MACCs;
- on the occurrence of a “significant dealing”. We will consider whether there has been a significant dealing:
 - where a significant proportion of consumers who take out a MACC are not in the target market, namely more than 10% of all MACC consumers;
 - where more than 10% of consumers who take out a MACC and who are not in the target market, suffer actual or potential harm as a result of the MACC product , such harm to include loss or damage which includes but is not limited to:
 - financial strain or hardship, namely whether any fees or charges were paid by the consumer causing them to incur financial strain or hardship;
 - if the consumer was in default on the MACC, whether we had any recourse to the security offered by the consumer;
 - if the consumer was in default on the MACC, whether we filed any legal proceedings against the consumer which would have an impact on the consumer’s credit rating; and
 - any other loss or damage suffered by the consumer as a result of the consumer entering into the MACC.
 - if the income gained from the MACCs outside the target market is more than the income gained from MACCs within the target market; and
 - if the length of the loan term of the MACCs outside the target market is greater than the loan term of MACCs that were within the target market.

- on the occurrence of any of the following events:
 - there is a material change in the product or its distribution which includes, but is not limited to a change in fees and charges, loan amounts, loan terms, target market, consumers who are excluded from the product or key attributes;
 - we receive consistent feedback from distributors, which consists of more than two complaints made by a single distributor that the target market or product may no longer be appropriate;
 - there is an increase of more than 10% in the number of:
 - consumers who make complaints, either internally or via the Australian Financial Complaints Authority regarding this product;
 - hardship requests made by MACC consumers and the number of hardship applications approved by us; and
 - consumers who have defaulted or are in default on a MACC.

The reporting period for this determination is quarterly during each calendar year:

- first reporting period ending on 31 March;
 - second reporting period ending on 30 June;
 - third reporting period ending on 30 September;
 - fourth reporting period ending on 31 December.
- we receive notification from the Australian Securities and Investments Commission requiring us to cease distribution of this product or cease particular conduct pertaining to this product.

We will review this TMD periodically to ensure that it remains appropriate.

An ongoing review of this TMD will be conducted annually on or about 5 October each year.