

RACQ Bank Target Market Determination

Business Secured Current Account



This Target Market Determination (TMD) is designed to provide customers, distributors and RACQ Bank staff with the appropriate information to understand who this product has been designed for by describing the class of customers that comprise the target market for the product and other matters relevant to the product's distribution and review.

In this document the terms "RACQ Bank", "we", "us" or "our" refer to Members Banking Group Limited ABN 83 087 651 054 AFSL/Australian credit licence 241195 trading as RACQ Bank.

RACQ Bank – Business Secured Current Account

The RACQ Bank Business Secured Current Account is a secured overdraft and transaction account for business or investment purposes. This product is also known as a Residentially Secured Investment Overdraft.

Below is a description of the key terms, features and attributes that affect whether this product is likely to be suitable for the needs of the target market.

- Account overall:
 - Designed for business or investment purposes,
 - No monthly account keeping or ongoing administration fees,
 - Can be used for everyday transactions.
- Overdraft (debit/negative balance):
 - Variable interest rate,
 - Ability to leverage the equity in residential land or property into available funds,
 - Flexibility of an overdraft limit to access additional funds when the customer needs it,
 - Monthly interest repayments.
- Credit/positive balance:
 - Eligible for a government-backed safety net for deposits of up to \$250,000.

Target Market

This product is designed for customers who want a transaction account from which to make business or investment purchases either from their own funds or from an approved overdraft limit, without having the obligation to make scheduled loan principal withdrawals or repayments, and who are able to provide security.

This product is likely to be suitable for customers who:

- ✔ Are Individuals, Partnerships, Trusts or Companies:
 - If Individuals they are, Australian citizens or permanent residents, and
 - Aged 18 years and over,
- ✔ Consider a variable interest rate in respect of debit balances consistent with their financial strategy (that is, want the potential benefit of lower rates and accept the potential risk of higher rates),
- ✔ Have residential land or property within Australia to provide as security for the overdraft,
- ✔ Want a secured overdraft limit,
- ✔ May want a transaction account,
- ✔ May want the ability to deposit their own funds and hold them in a low risk account and/or use those funds to make payments; and
- ✔ Expect to have sufficient income/financial resources to meet all fees and other payments in respect of the overdraft or have an exit strategy that can be implemented.

This product is not suitable for customers who:

- ✘ Are Strata Corporations (Body Corporates),
- ✘ Want to finance an owner-occupied property,
- ✘ Want to earn interest on their positive/credit transaction account balance (if any);
- ✘ Want an overdraft limit less than \$20,000; and/or
- ✘ Want an overdraft limit that amortises over time.

The likely objectives, financial situation and needs of the customers within the target market for the Business Secured Current Account are likely to be met because:

- The product provides the ability to perform everyday transactions for business or investment purposes,
- The product has no monthly account keeping or ongoing administration fees,
- In respect of the overdraft (debit/negative balance):
 - The product provides a variable rate,
 - Customer can convert the equity in their residential land or property into available funds that are readily accessible,
 - Offers a secured overdraft limit,
- In respect of any credit/positive balance, the RACQ Bank Business Secured Current Account benefits from an Australian government guarantee under the Financial Claims Scheme (<https://www.apra.gov.au/about-financial-claims-scheme>), up to a maximum of \$250,000 across all protected accounts held by the account holder with RACQ Bank.

Distribution of this product

This product has been designed to be distributed by our representatives only via our distribution network, being:

- RACQ contact centres by calling 13 1905 ,
- RACQ website by visiting racq.com (where available) ,
- RACQ Mobile Lenders,
- RACQ stores (including agencies).

We have distribution conditions in place designed to help ensure this product is only sold to customers in the target market.

These conditions include measures such as:

- Production and distribution of materials that explain and document the features of the product that are designed for customers in the target market,
- Where comparison websites display this product, purchase pathways referring customers only to representatives in our distribution network,
- Training and authorisation of representatives in our distribution network for this product. These representatives understand the market this product has been designed for, have the appropriate levels of authority for their role in the distribution chain, and where relevant, comply with their obligations as Australian Credit Licence (ACL) holders and as Australian Financial Services Licence (AFSL) holders.
- Questions and information gathering on application, to determine whether the customers meet the eligibility requirements and acceptance criteria for the product, including RACQ Bank's credit risk appetite,
- Where applicable, applying measures required under the ACL regime,
- Systems and processes that support our eligibility assessments, and the delivery of other information relevant to the customer's understanding of the market for the product.

Reviewing this document

The first review will be performed by 05 October 2022. This TMD will be reviewed within 1 year from each review date to ensure it remains appropriate.

We will also review this TMD if an event or circumstance (called 'review triggers') occurs that would reasonably suggest that the determination is no longer appropriate, or the product is no longer consistent with the likely objectives, financial situation and needs of consumers in the target market, such as:

- Notification from ASIC requiring immediate cessation of the product distribution or particular conduct in relation to the product,
- Material change to the product,
- A change in our acceptance criteria that impacts on the suitability of the product for the target market,
- A material change to the distribution of the product,
- The discovery of a relevant and material deficiency in the product's disclosure documentation,
- Material complaints and which indicate that the product is no longer suitable for the described target market,
- Significant dealings which indicate that the product is no longer suitable for the described target market,
- Material indicators and relevant changes in our key product suitability metrics such as:
 - Customer satisfaction,
 - Product value for the customer.

We will review this TMD within 10 business days of any review trigger.

Reporting

RACQ Bank and all distributors must record all complaints received about this product and report on a quarterly basis (Complaints Reporting Period). Distributors are required to provide to us written details of any complaints about the product they have received during the Complaints Reporting Period within 10 business days of the end of the period.

The Complaints Reporting Periods are as follows:

- 1 January – 31 March,
- 1 April – 30 June,
- 1 July – 30 September,
- 1 October – 31 December.

All distributors are required to provide monthly and incident-based reporting on key metrics (see the heading "Reviewing this document") to allow us to review this TMD.

Distributors are also required to report to RACQ Bank if they become aware of a significant dealing in this product which is not consistent with this TMD within 10 business days of becoming aware of such dealing.

All distributors must report sales data including number of products issued and cancelled on a monthly basis.

Record keeping

RACQ Bank and its distributors will maintain records of the reasonable steps they have taken to ensure that this product is sold in a manner consistent with this TMD.

We will also prepare and maintain complete and accurate records of our decisions, and the reasons for those decisions, in relation to:

- All target market determinations for this product,
- Identifying and tracking review triggers,
- Setting review periods, and
- The matters documented in this TMD.