

RACQ Bank Target Market Determination Business Unsecured 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 Unsecured Current Account

The RACQ Bank Business Unsecured Current Account is a transaction account for business purposes.

RACQ Bank offers an unsecured overdraft facility as a product option of the Business Current Account.

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 for the product and its unsecured overdraft facility option:

- No monthly or everyday transaction fees,
- No minimum account opening or ongoing balance required,
- No minimum monthly deposit required,
- Available funds are accessible at any time without penalty,
- Designed for everyday transactional use,
- Option to have an overdraft limit between \$1,000 - \$60,000 without requiring security,
- Positive/credit balances are eligible for a government-backed safety net for deposits of up to \$250,000.

Target Market for the Business Current Account (the target market for the unsecured overdraft facility product option is listed below separately).

This product is design for non-personal entities who want a low risk, basic business transaction account with no account keeping fees.

This product is likely to be suitable for customers who:	This product is not suitable for customers who:
<ul style="list-style-type: none">✔ Are non-personal entities; and✔ Want to deposit and withdraw funds for business purposes.	<ul style="list-style-type: none">✘ Are individuals; and/or✘ Want to earn interest on their positive/credit transaction account balance.

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

- The product has no monthly or everyday transaction fees,
- The product has no minimum account opening or ongoing balance required,
- The product has no minimum monthly deposit required,
- Customers have 24/7 access to deposit and withdraw funds at any time without penalty,
- The product provides the ability to perform everyday transactions,
- The positive/credit balance of an RACQ Bank Business Unsecured 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 an eligible account holder with RACQ Bank.

Target Market for the unsecured overdraft facility product option

This product option is designed for non-personal entities who want an overdraft limit with the flexibility to draw and repay loan funds as the customer chooses in accordance with the customer's requirements (rather than, for example, drawing the full overdraft limit immediately or having to make regular minimum principal repayments).

This product is likely to be suitable for customers who:

- ✔ Want an unsecured overdraft limit between \$1,000 - \$60,000,
- ✔ Accept a variable interest rate (that is, want the potential benefit of lower rates and accept the potential risk of higher rates); and
- ✔ Expect to have sufficient income/financial resources to meet all fees and other payments or have an exit strategy that can be implemented.

This product is not suitable for customers who:

- ✘ Want to have a fixed interest rate (and give up the potential benefit of lower rates in exchange for reduced exposure to rate increases),
- ✘ Want to secure the overdraft against an asset; 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 unsecured overdraft facility product option are likely to be met because:

- The product allows the customer to access extra funds through the transaction account up to an approved unsecured overdraft limit between \$1,000 - \$60,000,
- Customers have 24/7 access to deposit repayments and withdraw loan funds at any time without penalty.

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 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 Financial Services Licence (AFSL) holders and as Australian Credit Licence (ACL) holders.
- Questions and information gathering on application, to determine whether the customers meet the eligibility requirements and risk acceptance criteria for the product,
- 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 5 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,
- A 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.