

RACQ Bank Target Market Determination Owner Occupied Home Loan Overdraft



This Target Market Determination (TMD) is designed to provide customers, distributors and our representatives with information about 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 Owner Occupied Home Loan Overdraft Account

The RACQ Bank Owner Occupied Home Loan Overdraft Account is an overdraft account that offers a line of credit secured against a residential owner-occupied property.

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

- Account overall:
 - 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 to convert the equity in their home into available funds with the flexibility of a line of credit that can be used for everyday transactions

This product is likely to be suitable for customers who:

- ✓ Are individuals, partnerships, a company as trustee for a trust, companies or a strata corporation (body corporate),
 - If individuals they are, Australian citizens or permanent residents, and
 - Aged 18 years and over,
- ✓ Consider a variable interest rate consistent with their strategy (and want the potential benefit of lower rates and accept the potential risk of higher rates),
- ✓ Want to use residential land or property within Australia as security for the loan,
- ✓ Want to reside in the property or land,
- ✓ Want a secured overdraft limit,
- ✓ Want to deposit and withdraw funds; and
- ✓ Expect to have sufficient income/financial resources to meet all fees, minimum payments and other payments or have an exit strategy that can be implemented.

This product is not suitable for customers who:

- ✗ Want to finance an investment land or property,
- ✗ Want a savings account or a term loan account; and/or
- ✗ Want an overdraft limit of less than \$20,000.

The likely objectives, financial situation and needs of the customers within the target market for the Owner Occupied Home Loan Overdraft are likely to be met because:

- The product provides the ability to perform everyday transactions,
- The product does not have monthly account keeping or ongoing administration fees,
- In respect of the overdraft (debit/negative balance):
 - The product provides a variable rate,
 - Customers can convert the equity in their home into available funds that are readily accessible,
 - The product offers a secured overdraft limit,
- In respect of any credit/positive balance, the RACQ Bank Owner Occupied Home Loan Overdraft 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,
- Questions and information gathering on application, to determine whether the customers meet the eligibility requirements and assessment criteria, including RACQ Bank's Credit Risk appetite, 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 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,
- 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, renewed 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.