

RACQ Bank Target Market Determination

Unsecured Personal Loan



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 - Unsecured Personal Loan

The RACQ Bank Unsecured Personal Loan is a variable interest rate loan product that provides finance to customers without requiring an asset to be held as security against the loan.

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

- Interest rate is fully variable over the term of the loan,
- Ability to make unlimited repayments or repay early with no penalty,
- Can be used for a variety of personal purposes without needing an asset to be used as security against the loan,
- No monthly account keeping or ongoing administration fees.

Target Market

This product is designed for customers who require a loan to help finance large expenses and want variable interest payments, with flexible repayment options and the added benefit of no monthly account keeping or ongoing administration 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 individuals, a company as trustee for a trust or a strata corporation (body corporate):<ul style="list-style-type: none">• If individuals they are, Australian citizens or permanent residents,• Aged 18 years and over,✔ Want funds for any general personal use:<ul style="list-style-type: none">• Examples include: a motor vehicle, holidays, and a wedding,✔ Want to make principal and interest repayments,✔ 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),✔ May want to make unlimited additional repayments,✔ Expect to have sufficient income/financial resources to meet all fees, minimum payments and other payments on the loan for the term of the loan or have an exit strategy that can be implemented; and✔ Have an RACQ Bank transaction account if settlement funds are required and will transfer the settlement funds into it prior to settlement.	<ul style="list-style-type: none">✘ 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 loan against an asset,✘ Want a loan where 80% or more of the funds are used for debt consolidation (noting refinancing an existing RACQ Bank Overdraft Product is not considered debt consolidation and the loan may be used for that purpose),✘ Want a loan less than \$3,000 or greater than \$60,000; and/or✘ Want a loan term greater than 5 years.

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

- The product provides a variable rate,
- Customers can make unlimited additional repayments to reduce interest costs,
- Customers can repay the loan early with no additional costs or penalty,
- The product has no monthly account keeping or ongoing administration fees,
- The product can be used to finance a broad range of personal purposes.

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 risk acceptance 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

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.