

# Personal Finance

## RAC Finance target market determination

This target market determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) and seeks to offer consumers, distributors, and staff with an understanding of the class of consumers for which this product has been designed (**target market**), having regard to the objectives, financial situation and needs of the target market. It forms part of RAC Finance's design and distribution arrangements for the product.

In this document the term "RAC Finance", refers to the issuer of the loan products, RAC Finance Limited ABN 77 009 066 862 Australian Credit Licence 387972.

This document is not to be treated as a full summary of the product's terms and conditions and does not take into account any person's individual objectives, financial situation or needs and is not the provision of financial advice. The customer must refer to RAC Finance's loans terms and conditions and any supplementary documents such as the loan contract and schedule which outline additional terms and conditions when deciding about this product.

This TMD is effective from 5 October 2021.

## RAC Finance personal finance product

RAC Finance's personal finance products provide:

- » Personal loans for regulated consumer credit to individuals;

This TMD sets out the target market for:

- » Secured personal loans; and
- » Unsecured personal loans

This is set out in the Appendix to this document.

## Distribution

### Who can distribute this product

This product is distributed by RAC Finance and its nominated group representative RAC Distribution Pty Ltd (**RAC**) through:

- » RAC contact centre; and
- » RAC member service centres; and
- » RAC website

And by:

- » RAC Finance targeted marketing and advertising; and
- » RAC Finance member service consultants

### Conditions and restrictions on distribution

Only the named representatives are authorised to distribute RAC Finance's personal finance products as they understand the target market the product is designed and intended for and are trained and competent in the relevant acceptance criteria for each product.

## Reviewing the TMD

RAC Finance will review this TMD within 15 months from the effective date and at least every 27 months thereafter to ensure it remains appropriate.

RAC Finance will also review this TMD following the occurrence of any event or circumstance that should arise (called a 'review trigger') suggesting the TMD is no longer appropriate. This may include (but not limited to) events such as:

- » A change to the key product attribute or eligibility criteria that impacts the suitability of the product for the target market;
- » The proportion of individuals to which the loan products are provided which are outside the target market;
- » Regulatory change or use of product intervention power that impacts this product or target market for the product;
- » Material or unexpectedly high number of customer complaints indicating the product is no longer suitable to the target market;
- » The product is not being distributed in accordance with this TMD;
- » Nature of material feedback from member satisfaction surveys indicating the product is no longer suitable to the target market;
- » Review outcomes from analysis of business data that indicates actual or potential harm or financial loss such as personal loan approval and default rates that indicates that the product is no longer suitable to the target market; and
- » We have determined that a significant dealing has occurred.

The information RAC Finance requires from the distributor to identify a review trigger or circumstance that would reasonably suggest that the TMD is no longer appropriate, is included in the reporting requirements below.



## Reporting

Distributors must record all complaints received about the product design, product availability and distribution of this product and report this information as soon as practicable (but in any case within 10 business days of the end of each quarter).

If applicable, there may be additional obligations when responding to complaints under the distributor's appointment as a representative of RAC Finance.

Distributors are obligated to report to RAC Finance as soon as practicable if they become aware of a matter that would give rise to a 'review trigger' or a circumstance that would reasonably suggest that the TMD is no longer appropriate.

Also, distributors are to provide RAC Finance sales data and other information required in accordance with the distribution arrangements and service level agreements for the loan product.

## RAC Finance personal finance TMD appendix

### 1. Personal finance - secured

#### Description of Target Market

This product is likely to be appropriate for individuals whose objective is to purchase a new or used motor vehicle, motorbike, boat, jetski, caravan, or camper trailer. It is also likely to be appropriate for individuals who require funds for refinance, debt consolidation, home improvements, travel, study, or other suitable purchase.

This product will only be appropriate where the individual can provide such registered goods or property as security.

#### Key product attributes

- » Loan amount from \$8,000 to \$100,000 (or additional if deemed suitable through the loan assessment and approval process);
- » Loan terms from 3-7 years for purchase of car, boat or caravan;
- » Loan terms from 3-5 years for motorcycle, camper trailer or jetski;
- » Multiple applicants on the one application;
- » Fixed interest rate;

- » No ongoing fees;
- » Pre-approval usually within 7 working hours;
- » Can apply either online through RAC's website, contacting the call centre, visiting a Member Service Centre or directly through RAC Finance;
- » Optional repayment methods available either by direct debit, BPay or direct credit.

#### Eligibility criteria

RAC Finance's personal finance products are designed to be distributed to individuals who meet the following criteria:

This product is suitable for individuals who:	This product is not suitable for:
Are over 18 years of age	Those who fail to meet the eligibility criteria
Are receiving an income and able to service the loan principal, interest, fees, and charges	Those who offer security primarily used for business/commercial purposes
Have at least one applicant holding a valid Australian driver's license or learners permit (for motor vehicle loans)	Those unable to offer suitable security for the loan
Able to offer security for the loan registered in WA in the applicant's name	Customers wishing to lease goods
An Australian citizen or permanent resident residing in WA	People purchasing vehicles with an ANCAP rating of less than 4 stars
Satisfies the loan assessment criteria, including a credit suitability assessment	Bankrupt in past 7 years or under a debt arrangement

#### Appropriateness

Based on its assessment of the above key product attribute and eligibility criteria of this product, RAC Finance finds that these are likely to be suitable and consistent with the objectives, financial situation and needs of the identified class of consumer that comprises the target market for this product.

## 2. Personal finance - unsecured

### Description of Target Market

This product is likely to be appropriate for individuals who are a home/land owner or have a mortgage who reside in Western Australia whose objective is to purchase a new or used a motor vehicle, motorbike, boat, jet-ski or caravan. It is also likely to be appropriate for individuals who require funds for debt consolidation, home improvements, travel, study, or other suitable purpose.

This product is appropriate where the individual is unable or does not wish to provide such registered goods or property as security.

### Key product attributes

- » Loan amount from \$8,000 to \$20,000 (or additional if deemed suitable through the loan assessment and approval process);
- » Loan terms from 3-5 years;
- » No assets are used as security for the loan;
- » Multiple applicants on the one application;
- » Fixed interest rate;
- » No ongoing fees;
- » Pre-approval usually within 7 working hours;
- » Can apply either online through RAC's website, contacting the call centre, visiting a RAC Member Service Centre or directly through RAC Finance if an existing customer;
- » Optional repayment methods available by direct debit, BPay or direct credit to make contracted loan repayments.

### Eligibility criteria

RAC Finance's personal finance products are designed to be distributed to individuals who meet the following criteria.

This product is suitable for individuals who:	This product is not suitable for:
Are over 18 years of age	Those who fail to meet the eligibility criteria
Are a registered residential property/landowner or buyer in WA	Those unable to substantiate the purpose for borrowing
Are receiving a regular income and able to service the loan principal, interest, fees, and charges	Bankrupt in past 7 years or under a debt arrangement
An Australian citizen or permanent resident, residing in WA	Non property land owners or don't have a mortgage
Satisfies the loan assessment criteria, including a credit suitability assessment	

### Appropriateness

Based on an assessment of the above key product attributes and eligibility criteria of this product, RAC Finance finds that these are likely to be suitable and consistent with the objectives, financial situation and needs of the identified class of consumer that comprises the target market for this product.



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