

RAPID LENDING GROUP PTY LTD AND ITS SUBSIDIARIES, RAPID LOANS PTY LTD, PRECISE TRANSACTIONS PTY LTD AND RAPID B2B PTY LTD

TARGET MARKET DETERMINATION

All Other Credit Contracts – Personal Loans

Prepared and published in acknowledgement of the requirements imposed on “issuer” companies involved in the provision of credit under the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019*.

The Product

AOCC – personal loan

The product is an “All Other Credit Contract”, as the finance industry has come to refer to them (prescribed in sections 32A and 32B of the National Credit Code) – a consumer loan product regulated by the *National Consumer Credit Protection Act 2009*.

Issuer of the product

Rapid Loans Pty Ltd ACN 103 660 546, Australian Credit Licence number: 388847

Key attributes of the product:

- Loan amounts from \$4,601 to \$25,000;
- Loan terms from 12 to 48 months;
- Interest rates from 9.75% to 22% per annum;
- Establishment fee: \$495;
- Monthly Administration Fee: \$25 per month (for loans \$8,000 or higher);
- Provider fee: Based on borrower risk profile;
- Maximum annual percentage rate (annual cost rate) under the *National Consumer Credit Protection Act 2009* is 48% per annum. Note: Rapid Loans does not charge the maximum allowed rate. Interest rates charged will be highly competitive, reflect individual consumer circumstances and an appropriate risk analysis;
- Secured, with security taken over the consumer’s asset (for example, a motor vehicle);
- Fixed interest rate;
- Equal repayments;
- Either weekly, fortnightly or monthly repayments;
- No termination or early payout fee;
- No balloon payment.

The Product’s Target Market

Consumers who are:

- individuals between 18-70 years of age;
- with proven source of income;

- established credit history;
- stable residence;
- has security to offer (for example, a motor vehicle or asset registered in their name);
- meets lending criteria concerning affordability of the loan;
- is a permanent resident/Australian citizen; and
- satisfies National Consumer Credit Protection Act responsible lending requirements as to availability of financial information.

Exclusions from the Target Market

Consumers who are:

- an undischarged bankrupt;
- currently in a Debt Agreement;
- unlikely to have a stable and adequate source of income during the loan term;
- under the age of 18 or over 70;
- not either an Australian citizen, or permanent resident;
- are unable to provide financial information required for verification during application process; and
- are unable to understand the nature of a credit contract.

Target consumers' likely objectives, financial situation and needs

Consumer's likely objectives:

Seeking a loan between \$4,601 and \$25,000 to purchase an asset or other goods and services, or to consolidate other debts/bills, pay for holidays, weddings, renovations and spread repayments over a short term.

Consumer's likely financial situation:

- stable income;
- established credit history;
- manageable other debt;
- adequately managed and controlled expenditure on alcohol and gambling;
- recent bank statements demonstrate financial management without experiencing substantial hardship;
- income amount in excess of other existing and projected commitments and proposed loan repayments; and
- no current indications of adverse financial issues arising and negatively impacting on the ability to repay loans over the anticipated term of the new loan.

Consumer's likely needs:

- easy online application;
- quick responses;

- fast turnaround times;
- fixed interest rates;
- short to medium length loan terms;
- equal repayments to fit within their budget;
- flexible payment frequency;
- ability to understand the credit product;
- access to adequate information;
- avoidance of unnecessary financial risk;
- satisfaction of risk profile; and
- ability to derive benefit from the loan product; and
- ease of dealing with their finance broker (if any).

Why the product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market

The product is a simple credit product, which is the foundation for the likely effect of the company's distribution conditions.

Product features, such as loan amounts, fixed interest rates, short to medium loan terms, equal repayments and choice of payment frequency are likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market. Additionally, the service provided by Rapid Loans, including easy online application, quick response and turnaround times, is also likely to meet the likely objectives, financial situation and needs of consumers in the target market.

The products have been the subject of robust testing over a total period of 20 years, are fundamental to the Australian market place in that they have no unique features that are unfamiliar to the consumers in the target markets, 90% of whom have relevant borrowing experience.

Company loan performance data and feedback from distributors, engaged from time to time, does not reveal any systemic inconsistencies between the design of the credit product and the target market's requirements, financial circumstances and needs.

Industry sector research, commissioned by two industry sector representative organisations since 2008, and the industry sector's overall maintenance or growth in demand according to target market sub-set statistics, indicates continuing consistency between this product category and the target market's requirements, financial situation and needs.

Distribution method for the product

Rapid Loans, as the credit provider and issuer, has adopted a policy of distribution and processes for the credit product.

Brokers (credit assistance providers) will also distribute the product by providing Rapid Loans with consumer applications and financial information about the applicant.

Brokers are selected following a robust recruitment process that results in the broker signing a very detailed agreement with Rapid Loans. In addition, brokers are informed of both theirs and Rapid Loans' responsibilities under the Design and Distribution

Obligations and credit regulatory regimes and provided with a copy of these documents.

The distribution communications methodologies adopted, or that could be adopted, include websites, emails, Australia Post, social media and traditional advertising media such as print, radio and television from time to time.

In accordance with the *National Consumer Credit Protection Act 2009*, Rapid Loans has the final decision on loan approval and supervises both in-house product distribution and brokers' efforts, with close attention to the company's Design and Distribution Obligations.

Product distribution conditions and/or restrictions

Conditions and/or restrictions include:

- (a) No systematic ignoring or avoidance of Rapid Loans' TMDs.
- (b) Where brokers are the distributors, specification as to communications media employed in reaching the target market.
- (c) Both company in-house representatives and brokers undertaking distribution roles must adhere to company policy concerning loan suitability for consumers.
- (d) Consumer decision fatigue, vulnerabilities and decision timing must be accommodated to avoid uninformed or unsuitable distribution to target market sub-sets.

As with the outcome of reviews, the conditions or restrictions imposed are an attempt to eliminate, or at least minimise, the actual or potential degree of harm.

Why the distribution conditions and/or restrictions mean the product is not likely to be distributed to consumers outside the target market

These conditions are clearly communicated to all distributors and are incorporated in engagement agreements. They form part of the major terms and conditions of those agreements.

The company has regular reviews of company credit policy, procedures and processes.

Adoption of the recommendations from these reviews adds to the terms and conditions Rapid Loans imposes on distributors. This controls their approach to distribution, under their written agreement with Rapid Loans.

These recommendations are also added to the rules and criteria to which the company refers when making an assessment as to consumer suitability for any loan applied for – given Rapid Loans makes the final decision as to whether or not an applicant consumer is within the target market definition.

Triggers indicating the product or Target Market Determination is no longer appropriate

These include, but may not be limited to, the following events and circumstances:

- (a) Changes in legislation affecting the product or TMD.
- (b) Reports from distributors and company personnel that a significant number of enquiries and applications are being received from potential consumers outside the defined target market.

- (c) Company reviews, both ad hoc and scheduled, that reveal an inconsistency or mismatch between the product features and the target market's requirements, financial circumstances and/or needs. This causing, or likely to cause, identified material consumer financial or non-financial harm and being incapable of elimination or minimisation by subsequent TMD action.
- (d) Economic changes, however caused, impacting on target market financial circumstances.
- (e) Cultural changes and changes in traditions and fads, impacting on borrowing habits, preferences and purchasing and timing decisions using borrowed funds, all potentially leading to changes in target market requirements.
- (f) Socio-economic changes impacting on perceived and actual target market needs.
- (g) Significant dealings indicating a material inconsistency between the TMD and the delivered credit product and/or distributors and/or target market.

Target Market Determination Review Frequency

The first review will be scheduled to conclude a maximum of 12 months and 10 business days from the commencement of DDO obligations, being the date of the first determination. Subsequent regular reviews will be conducted a maximum of 2 years and 10 business days from the date the earlier review was completed until the date the next or subsequent review is finished.

Where issues of concern in regard to inconsistency between the TMD and the credit product and/or target market arise, between these regular scheduled reviews, the company's policy is to undertake a review and action the review's findings within 10 business days of the adverse information being brought to the attention of the company's TMD Manager, and with implementation of all recommendations.

Where deemed appropriate and material, complaints, if any, will be brought to ASIC's attention by way of a "Significant Dealing Notification", within 10 days of any relevant review being completed.

Triggers for an earlier Target Market Determination Review

- Legislation changes affecting the product;
- Significant and unexpected increase in default rates, hardship rates or product complaint rates;
- A significant increase in applications from consumers outside the target market;
- Poor product performance or outcomes;
- Poor distribution delivery;
- Any other material inconsistency coming to the attention of the company, from any information source, in regard to the TMD and/or the product and/or the distribution and/or the target market.

Frequency required for distributors' complaints reports

Reporting from in-house representatives and third party distributors is scheduled monthly, but where numbers or type of complaint indicate a material significance, reporting will occur as soon as that significance emerges and is noted.

In-house management and staff who are not representatives will also be encouraged to report at any time, where deemed relevant.

In addition, Rapid Loans will welcome reports from other non-representatives and non-distributors at any time.

If the number and/or substance of the complaints reported is material, consideration, with appropriate recommendation, will be given to both number and substance – with the options of doing nothing, modifying the TMD, credit product or manner of distribution, or declaring the TMD obsolete.

Format and details required for distributor's reports

Distributors are to report by email to the Business Development Manager in that Manager's role of TMD Manager.

Details to be reported include:

- number of complaints received;
- time period over which the complaints were received;
- name of consumers;
- what the problem was, with particular attention to target market requirements, financial circumstances and needs;
- what the resolution was;
- the time to resolve it; and
- if there are any unresolved complaints.

Additional reporting required from distributors

In circumstances where there is no material level of complaint, or type of complaint, in their professional judgement a trend may be emerging, or the evolution of a more serious or material complaint could occur without attention to the causal issue at the time of the report.

Significant dealing

Rapid Loans will determine that there has been a significant dealing in the following circumstances (unless these are due to loan application fraud):

- (a) where there is material levels of interest or demand from consumers outside the target market;
- (b) if the product is distributed to consumers under 18 years of age;
- (c) if the product is distributed to consumers who are not Australian citizens or permanent residents; and
- (d) if the product is distributed in a manner that is otherwise materially inconsistent with company policies, as may be determined from time to time.

Effective Date

This Target Market Determination is effective from 5 October 2021 and applies to products obtained on or after 5 October 2021.