

# **FUNDING**

## TARGET MARKET DETERMINATION (TMD)

<b>Issuer</b>	GFC Funding Pty Ltd
<b>Issuer ABN</b>	82 007 506 128
<b>Issuer ACL</b>	386568
<b>Product</b>	Loan Contract & Mortgage (“the Product”)
<b>Date TMD approved</b>	5 <sup>th</sup> October 2021
<b>TMD Version</b>	1.0
<b>TMD Status</b>	Current

### **Purpose of this Document**

The purpose of this Target Market Determination (“TMD”) is to comply with the Design and Distribution Obligations incorporated under Chapter 7 of the Corporations Act 2001 (“the Act”) by the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019.

The TMD aims to provide consumers and distributors with information about the class of consumers that comprises the target market for the Product, taking into account their objectives, financial situation and needs. It also specifies any Product distribution conditions and restrictions and deals with reviews of the TMD as well as distributor arrangements.

### **Legal Disclaimer**

This document is not a credit disclosure document and does not include all relevant terms and conditions associated with this Product. It does not take into account any person’s individual objectives, financial situation or needs. Individuals interested in making use of this product should carefully read the Issuer’s Credit Guide and any other disclosure documents before making a decision whether to use this Product.

### **Description of Target Market**

This section is required under section 994B(5)(b) of the Act.

#### **Target Market Summary**

This Product is likely to be appropriate for a consumer who is seeking an amount of credit above \$2,000 repayable over a period greater than 1 year with a maximum term of 7 years, for the primary purpose of personal use.

The target market has been established by assessing the Product (including its key attributes) and the consumer objectives, financial situation and needs for which the Product is likely to be appropriate. The class of consumers who fall within the target market for the Product is described below, based on the objectives, financial situation and needs of the consumer and the key attributes of the Product.

#### **Description of Consumer Objectives, Financial situation and Needs**

This Product is suitable for persons who want to:

Borrow money to purchase an eligible motor vehicle, motorcycle, caravan or other approved personal property (the asset) using a loan with a fixed interest rate and a fixed term; and

Use the asset for predominantly personal use. Who will have the financial capacity to pay fees, interest, and repayments of principal as and when such amounts become payable and due.

### Excluded Classes of Consumers

This Product is unsuitable for persons:

- Who do not qualify under the responsible lending requirements imposed by the National Consumer Credit Protection Act 2009 (“National Credit Act”), will be unable to comply with their financial obligations under the Product terms, or could only comply with substantial hardship.
- For whom the Product will not meet their requirements or needs.
- Wanting to Repay their loan or sell the asset before the end of the fixed term without incurring additional costs; or
- Wanting to have an interest rate that varies over the term; or
- Use the asset for predominantly business use.

### Description of Product and Key Attributes

The key attributes of this Product are:

Feature	Appropriate for customers within the target market that	Important Considerations
Fixed Loan Term	Want to have use of the asset for the chosen loan term.  Are able to pay an early exit fee should they decide to pay out the loan, or sell the asset, before the end of the loan term.	Loan terms are restricted to a minimum of 12 months and maximum of 84 months.  An early exit fee applies if the loan is paid out for any reason before the end of the loan term.
Fixed Loan Interest Rate	Want certainty in repayment amounts for the duration of the loan term. Understand that if external interest rates change, the interest rate on their loan will not change.	The interest rate is fixed for the duration of the loan term and is set on loan approval.
Balloon Payment	Want to make smaller regular repayments throughout the loan term, with a larger final payment at the end of the loan term.	Subject to GFC Funding credit criteria. This feature results in customers paying more interest over the life of the loan.  Not appropriate for customers whose financial situation means they are unlikely to be able to afford the balloon payment at the end of the loan term.

### **Product and Target Market Consistency**

The Product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market based on the following:

The product is appropriate for the target market on the basis that the key attributes of the product listed in this determination directly address the objectives, financial situation and needs of consumers in the target market as described in this determination.

### **Distribution Conditions and Restrictions**

This section is required under s994B(5)(c).

#### **Distribution Methods**

This product is distributed through the following channels:

Marketing and promotions, third parties, brokers, referrers, authorised staff, and online websites.

#### **Distribution Conditions**

1. This product is distributed subject to the following conditions and requirements:

- A distributor must only market and promote the product through:
- advertising on television, radio, the internet (including social media), billboards and physical banners, brochures and other marketing material available to the general public,
- in person recommendations to access marketing material (including in branch and through mobile lenders and through broker and referrer networks); and
- any other issuer approved communication channels (including telephone, email and social media). This condition is appropriate as the target market is wide.

#### **Retail Product Distribution Conduct (other than Marketing and Promotions)**

2. This condition applies to all conduct (other than marketing and promotions) such as issuing, arranging and providing disclosure material

- A distributor must only engage in retail product distribution conduct (other than marketing and promotions) through:
- in person communications (including in branch and through mobile lenders and through broker and referrer networks);
- through the issuer's and other approved third party digital platforms; and
- any other issuer approved communication channels (including telephone, email and social media). This condition is appropriate as the target market is wide.

3. A distributor must only engage in retail product distribution conduct (other than marketing and promotions) if it has identified the key difference between:

- the product; and
- other credit products (including personal loan products) issued by the issuer. This condition is appropriate as it requires a distributor to confirm that the consumer is in the target market.
- to ensure that the products are sold in accordance with the TMD: see s994B(5)(c) and 994B(8)(a)]

## **Factors Considered**

In assessing the appropriateness of the distribution methods, conditions and restrictions, the Issuer has taken into account the following factors:

- The comparatively wide target market for the Product
- The Issuer's ability to restrict distribution by providing sufficient lending guidelines and eligibility requirements
- The Issuer's ability to manage the distribution channels
- The capability of existing distribution methods to reach the intended target market, based on past outcomes
- As an example, a practicing certified broker has done KYC diligence, has been authorised as a credit representative and capable of forwarding factual information, with the integrity of existing and prospective distribution methods laid out by similar industry lenders. For example, GFC Funding Pty Ltd may consider previous instances where a product was issued through a specific distribution method / aggregation model as part of its assessment to determine the appropriateness of that distribution method.

## **Reviewing the TMD**

The Issuer will review this TMD as follows:

### **Review Triggers**

This part is required under section 994B(5)(d) of the Act.

If events or circumstances occur that would reasonably suggest that the TMD is no longer appropriate, the Issuer will review the TMD. This may include:

- an event or circumstance that would materially change a factor taken into account in making the target market determination for the Product e.g. an external event such as a change in regulation, a substantial change in government benefits schemes rules resulting in reduced consumer income, etc.
- a material change to the design or distribution of the Product
- a significant dealing in the Product that is not consistent with the product's TMD
- the nature and extent of any feedback received from distributors or users of the product i.e., increased number of customers requesting deferred payments for specific reasons, significant changes in customer complaints.
- experiencing significant regulatory issues with industry bodies or government entities

### **Mandatory Review Periods**

This part is required under section 994B(5)(e) and (f) of the Act.

**Initial Review:** This TMD will be reviewed within 24 months of the TMD approved date.

**Periodic Reviews:** This TMD will be reviewed at least every 24 months from the initial review date.

## **Distributors: Reporting & Required Information**

This part is required under s994B(5)(g) & (h).

## **Complaints**

Distributors are required to report and detail in writing all complaints in relation to the Product covered by this TMD to the Issuer every 3 months.

## **Significant Dealings**

Distributors are required to report any significant dealing in the Product that is not consistent with this TMD, within 10 business days.

[Other information]

- The date on which or the date range over which the dealing occurred,
- A description of the dealing,
- An explanation of why the dealing is considered significant,
- An explanation of why the dealing is considered to be inconsistent with the TMD,
- How the dealing was identified (e.g., through monitoring, complaints etc), and
- Detail of what steps have been or will be taken in relation to the significant dealing.

## **Appropriateness of the TMD**

This section is required under s994B(5)(c) and s994B(8)(a) &(b).

The Issuer has reviewed the Product and its key attributes by considering its purpose, past outcomes and likely future outcomes, and has reasonably concluded that the Product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above, when offered to the consumer in accordance with the distribution conditions listed above. The comparatively wide target market of the Issuer has been a factor in assessing why the distribution conditions and restrictions will make it likely that consumers who purchase the product are in the class of consumers for which it has been designed.