

QUATORZE INVESTMENTS PTY LTD t/as CASH LOAN MONEY CENTRES TARGET MARKET DETERMINATION

Medium Amount Credit Contracts (MACCs) – Personal Loans

This Target Market Determination (TMD) is published with the intention of helping consumers obtain an appropriate loan product.

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

The loan product that is the subject of this TMD is a Medium Amount Credit Contract (MACC) (as defined in Section 204 and prescribed in Sections 32A and 32B of the National Credit Code) – a consumer loan product regulated by the *National Consumer Credit Protection Act 2009* (Credit Act).

The company’s Medium Amount Credit Contracts have been designed with the key attributes as listed in this document, for consumers whose likely objectives, financial situation and needs are also detailed in this document. They must also meet the responsible lending criteria prescribed by the Credit Act and applied by Cash Loan Money Centres (CLMC).

Each application is subject to suitability/affordability requirements, in accordance with the Credit Act and each application is considered on its merits and according to the totality of the applicant’s circumstances.

Please note that this document is not a full summary of the credit contract issued by CLMC and its loan product terms and conditions. Nor is it intended to provide financial advice. Loan applicants must very carefully read not only this document, but also the credit contract CLMC may offer them.

Issuer (lender) of the product being a loan

Quatorze Pty Ltd, ABN: 71 090 586 440, Australian Credit Licence number: 384598, trading as Cash Loan Money Centres.

Key attributes of the product

The key attributes of CLMC’s MACC are:

- Loan amounts of \$2,001 to \$5,000.
- Fixed terms up to and including 24 months.
- Establishment fee - \$400, as prescribed under the Credit Act.
- Maximum annual percentage rate (annual cost rate, commonly referred to as ‘interest rate’) is 48% per annum, as prescribed under the Credit Act.
- Fixed annual percentage rate for the term of the loan.
- Clarity and full disclosure concerning unascertainable fees that may arise during the term of the loan, depending on (then) circumstances.
- Flexible payment options to negotiate when applying for the loan.
- Equal payments - weekly, fortnightly or monthly - reflecting the consumer’s income cycle.
- Flexible terms according to affordability.

- On the basis of the information collected by the CLMC at the time of the application and assessment, the discouragement of too large an amount being borrowed, to avoid unnecessary indebtedness.
- Funding for non-regular purposes.
- **Loans may be** unsecured for lower amounts, depending on the consumer's credit history and financial circumstances and almost always secured for larger amounts (over an asset such as a motor vehicle owned by the consumer).
- No balloon payments unless negotiated during the loan term.
- A credit contract that is not complex, within the mandatory requirements of the Credit Act (Schedule 1 - National Credit Code).
- A credit contract that is compliant with the National Credit Code.
- A relatively easy to read credit contract that is not complex.

The loan product's Target Market

Consumers - individual or joint borrowers - who are in the general "class" (classification) of consumers with the following characteristics:

- over 18 years of age;
- with a proven source of income;
- with an income amount received from all sources that is likely to be in excess of existing and projected commitments and the proposed loan, for the term of the proposed loan;
- with an established credit history and at least reasonable credit checks;
- who can provide at least 90 days of relevant bank statements presenting all income and living expenditure and demonstrating financial management without substantial hardship;
- with a stable residence;
- with security to offer if required by CLMC (e.g. motor vehicle registered in their name);
- who meet lending criteria concerning the affordability of the loan;
- who are permanent residents/Australian citizens; and
- who satisfy Credit Act responsible lending requirements as to availability, content and verifiable financial information.

Consumers who are excluded from the Target Market

Consumers who are:

- undischarged bankrupts;
- currently in a Debt Agreement;
- unlikely to have a stable and adequate source of income during the loan term;
- have unpaid defaults on existing loans with no satisfactory explanation;
- have a number of relatively recent direct debit dishonours;
- present with multiple current borrowing activity that indicates an unreasonable level of debt and financial obligation, in all the financial circumstances;

- have bank account statements that reveal poor financial management and conduct;
- are under the age of 18;
- not either an Australian citizen, or a permanent resident;
- are unable to provide the financial information required for verification during the application process; and
- are unable to understand the nature of a credit contract.

Target market consumers' likely objectives, financial situation and needs

As determined on the information reasonably available to an ordinary person, exercising reasonable due diligence in the position as an "issuer" (lender or credit provider) representative, at the time of the assessment of the loan application, by the issuer's reasonable enquiries and reasonable steps to verify information received and the target market consumer's level of knowledge, access to information and honesty, the consumer's likely objectives, financial situation and needs include:

Consumer's likely objectives and requirements:

Seeking funds to support the acquisition, payment for and/or purchase of one or more of the following:

- Boat purchases.
- Car/vehicle costs.
- Car/vehicle purchases.
- Caravan purchases.
- Education.
- Debt consolidation.
- Entertainment.
- Family assistance.
- Funerals.
- Fines.
- Gifts.
- Holidays.
- Home renovations/repairs.
- Legal expenses.
- Major purchases e.g. whitegoods.
- Medical/Dental expenses.
- Motor bike purchases.
- Motor bike repairs.
- Rental bonds/moving costs.
- Recreation/sport.
- Travel expenses.

- Vet expenses.
- Weddings.

Consumers likely financial circumstances or situation:

This includes:

- A fixed, stable or appropriate general level of income.
- Employed and/or receiving Centrelink benefits.
- Sufficient disposable income.
- Established credit history.
- Acceptable credit check.
- Manageable other debt, including buy now/pay later.
- Adequately managed and controlled expenditure on alcohol.
- Adequately managed and controlled expenditure on gambling.
- Recent bank statements demonstrating financial management, without experiencing substantial hardship.
- Acceptable credit checks.
- Income amount in excess of other existing and projected commitments (other loans and buy now/pay later) and proposed loan repayments.
- Affordability recognising the number of dependants.
- Income paid directly into bank account.
- No current indication of adverse financial issues arising and negatively impacting on the ability to repay the new loan over the anticipated term.
- General stability of residence.

Consumer's likely needs varying, but including:

- Easy application process.
- Objective risk profile/responsible lending assessment.
- Quick approval and other responses.
- Establishment fee certainty.
- Annual cost ('interest') rate certainty.
- Unchanged (equal) periodic payments to fit within their budget.
- Flexible payment options to initially choose from, to suit their income cycle.
- Easily understood credit contracts.
- Access to adequate information.
- regulatory compliant contracts;
- An appropriate level of explanation of the credit contract.
- The opportunity to ask questions.
- Ready access to the company during the term of the loan, if needed.
- Company fairness, understanding and compassion concerning hardship.

- Suitable loan funds available to meet responsible lending and product design requirements.
- Acceptable terms for loans.
- The ability to derive a benefit from taking out the loan product.

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

The loan product is a relatively simple product, deliberately designed to avoid complexity and be compliant with the Credit Act.

The loan product's features have been adopted to be consistent with the likely objectives, financial situation and needs of the consumers applying for CLMC's loans.

The loan product has been fundamental to the Australian credit market since at least 2013. It does not have any unique features that would be unfamiliar to most consumers, many of whom having borrowed similar loans in the past.

Company loan performance data and feedback from all sources has not revealed any systematic inconsistencies between the design of the product and the loan Target Market's requirements, financial circumstances and needs - up to and including the date this TMD was adopted.

Distribution method and conduct for the product

CLMC has adopted the following "distribution" (marketing) policies and procedures for the loan product that is the subject of this TMD.

Distribution is limited to in-house representatives who, during the assessment of the loan application, will consider the content of this TMD.

Individuals may also refer potential consumers seeking a loan to the company.

All parties have to monitor and report to CLMC management they deal with concerning the implementation of this TMD, complaints received and evidence of significant dealings.

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

In accordance with the Credit Act, CLMC has the final decision on loan approval and supervises both in-house product distribution and brokers' efforts, with close attention to the company's obligations under the DDO Act.

Product distribution conditions and/or restrictions

Conditions and/or restrictions include:

1. No systematic ignoring or avoidance of CLMC's TMDs.
2. In-house representatives undertaking distribution roles must adhere to company policy concerning loan suitability for consumers.
3. CLMC never offers a "limited time only" product and encourages the consumer applicant to take their time in reaching a loan acceptance decision. In this context, while the company's representatives are not in a position to act as a psychologist, or breach privacy principles, and must rely on the consumer's knowledge, honesty and preparedness to communicate - on the information that is reasonably available to the company's representative all reasonable and

compassionate effort is employed to accommodate consumer decision fatigue, vulnerabilities and the avoidance of unsuitable distribution.

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 that an inappropriate or unsuitable loan might cause.

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 CLMC imposes on distributors. This controls their approach to distribution, under their written agreement with CLMC.

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 CLMC makes the final decision as to whether or not an applicant consumer is within the Target Market definition.

Consumers are invited to carefully read this and any other relevant TMD before applying for a loan and/or before accepting the company's loan offer.

Triggers indicating the product or TMD is no longer appropriate

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

1. Changes in legislation affecting the product or TMD.
2. Reports from distributors and company representatives that a significant number of enquiries and applications are being received from potential consumers outside the defined Target Market.
3. 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 capable or incapable of elimination or minimisation by subsequent TMD action.
4. Material changes in the number and type of complaint, hardship applications, arrears and approval numbers.
5. Economic changes, however caused, impacting on Target Market financial circumstances.
6. 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.
7. Socio-economic changes impacting on perceived and actual Target Market needs.
8. Significant dealings indicating a material inconsistency between the TMD and the delivered credit product and/or distributors and/or Target Market.
9. Distribution conditions found to be inadequate.

10. A need to materially change the loan product and/or its terms and conditions.
11. Decisions and feedback from the Australian Financial Complaints Authority.
12. Relevant industry comment, or policy changes adopted by ASIC.

If a review trigger appears, this TMD will be reviewed within 10 business days.

TMD Review Frequency

The first review will be scheduled to conclude 12 months and 10 days from commencement of the DDO - being the date of the first Determination (5 October 2021). Subsequent regular reviews will be conducted and completed a maximum of 2 years and 10 working days from the date the earlier review was completed, until the date the next or subsequent review is completed thereafter.

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, in accordance with reportable breach regulation.

Significant dealing

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

1. where there are material levels of interest or demand from consumers outside the Target Market;
2. if the product is distributed to consumers under 18 years of age;
3. if the product is distributed to consumers who are not Australian citizens or permanent residents; and
4. if the product is distributed in a manner that is otherwise materially inconsistent with company policies that adopt credit regulatory compliant practices, as may be determined from time to time.

Triggers for an earlier TMD review

- Legislation changes affecting the product.
- Significant and unexpected increase in default rates and bad debt write-offs, hardship rates or product complaint rates.
- A significant increase in applications from consumers outside the Target Market.
- Poor product performance or outcomes.
- Distribution conditions found to be inadequate.
- 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 design and/or the distribution and/or the Target Market.

Frequency required for distributors' complaints reports to company management

Should they have anything to report, 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 within 10 business days of that significance coming to the attention of the distributor.

In-house management and staff who are not representatives will also be encouraged to report at any time within 10 business days of becoming aware of a relevant reportable circumstance.

In addition, CLMC 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 (highly unlikely), modifying the TMD, credit product or manner of distribution, or declaring the TMD obsolete.

Format and details required for distributor's reports

If they ever have anything to report, distributors are to report by email to the Business Development Manager, in their role of TMD Manager.

Details to be reported include:

- the number of complaints received;
- the time period over which the complaints were received;
- the name/s of the 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 but if, 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 existing at the time of the report, distributors may also lodge an additional report.

Effective Date

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