



# Line Of Credit (LoC)

## Fair Go Finance Target Market Determination

This Target Market Determination (TMD) has been prepared by Fair Go Finance Pty Ltd in compliance with our Design and Distribution Obligations under Part 7.8A of the Corporations Act 2001 (DDOs).

All products & pricing strategies support the Company's positioning as a Responsible consumer lender that:

- Participates in the Comprehensive Credit Reporting regime;
- Offers Risk Based Pricing; and
- Targets the Australian Near Prime consumer credit market.

### 1. Who is the Target Market for this Product?

The Target Market for the Line of Credit product offered by Fair Go Finance Pty Ltd (Us, We, Our) is made up of Australian consumers who:

- a. Typically have a risk profile in the Credit bureau credit score range of 300 – 650;
- b. Need a credit facility of between \$500 - \$3,000 for reoccurring expenses/infrequent expenses or the purchase of items which are, in most cases, discretionary;
- c. Looking for an alternative from a fix term product
- d. Ability to access redraw/credit conveniently once initially approved at account opening.
- e. can afford the repayments on the product without hardship;
- f. Can self manage the repayments on-line to reduce the balance, reduce the cost, access funds and redraw
- g. Are looking to apply for finance in an "online" environment with an "always on" (24/7) access.
- h. Are looking to supplement any savings and / or regular/usual disposable income;
- i. Want digital or personal access to account information and support from customer services to discuss loan contract terms, repayments & disbursement details

Outside of our target market are:

- Customers who are solely reliant on Centrelink benefits such as Newstart or Parenting Payments;
- Customers with excessive gambling and inconsistent repayments on existing credit facilities; and
- Entered a bankruptcy or a part IX in the last six months

### 2. What are the Key attributes of this Product?

The LoC product covers regular ongoing expenses over a flexible term within the Company's product range and as such the key attributes of our LoC product are:

- a. Credit Limit from \$500 to \$3,000.
- b. Terms of up to 2 years.
- c. Credit Charges:
  - i. Interest rates of between 14.90% and 34.90%.
  - ii. Establishment Fee of between 3% and 15% of credit limit
  - iii. A \$9.00 Monthly Account fee.



- iv. Minimum repayments between 5% to 10% of Credit Limit depending on the credit history of the consumer
  - v. Minimum redraw amount of \$200
- d. Transparent, legible and easily understood contract, including financial table and loan terms.
- e. Consumer protections limiting total amount that could possibly be repaid by a customer should they fall into arrears.

### **3. How do the key attributes of the product meet the target market?**

In addition to the Responsible Lending Obligations which apply when any application for a credit product is assessed by the Company, the key attributes of the LoC product that meet the needs, objectives and financial situations of consumers in the target market are:

- a. A LoC loan can be obtained online through the web based application process providing easy access short term finance for infrequent and sometimes unforeseeable expenses.
- b. Customers can redraw on the account and access information relating to the LoC loan from the website or over the phone.
- c. Our LoC loan amounts and redraw limits are closely related to the amounts required by the target market consumers in their loan applications.
- d. Our LoC loan amounts meet the consumer's requirements and objectives for that Loan Purpose.
- e. A sustained willingness to repay translates to Repayment History Information that is reported to all major Credit Bureaus in Australia, having the potential to boost a customer's credit score, opening opportunities with other Prime lenders.
- f. Historical data shows that this product has been the subject of:
  - i. Lower Default rates;
  - ii. Fewer hardship applications;
  - iii. Fewer customer complaints;

all of which fall within an acceptable range and indicate that the product is suitable for the target market and is meeting the customer needs, objectives, requirements and financial situations.

### **4. Distribution Channels and Conditions**

As an online lender, the Company distributes its products through both direct (e.g. google and the Company's website) and indirect channels (e.g. referral sites).

All our Distribution channels present the product appropriately to consumers as follows:



- a) Our website which contains:
  - I. No misleading information
  - II. All relevant disclosures and warnings required by law;
  - III. Product and pricing related information
  - IV. Tools and information relating to a person's likely eligibility for the product
  
- b) All third party referrers are:
  - I. Vetted before being allowed to present our product;
  - II. Subject to regular monitoring;
  - III. Required to enter into referral agreements with us.

We do not distribute products

- a. Through gaming websites or locations;
- b. At hotels, pubs or casino's; or
- c. By making any unsolicited "cold call" offers of credit.

We have adopted the following Voluntary Distribution Conditions to ensure that our product is distributed appropriately to its target market:

- a. No Loans to any customer whose only source of income is Centrelink Benefits.
- b. Our loan assessment is based on assuming the consumer's repayments will redeem the entire amount of their credit limit in 3 years.
- c. No loans for business purposes.

All our products are distributed in compliance with our responsible lending obligations.

## 5. Review Triggers

We will review this TMD if the following occurs in relation to this product:

- a. The number of defaults in a 3 month period increases by 20%.
- b. The number of complaints from approved customers in a 3 month period increases by 20%.
- c. The number of hardship applications in a 3 month period increases by 20% of customers.

The responsible manager will collect, assess and review all the above data every month. We will also respond to external sources such as:

- a. Australian Financial Complaints Authority (AFCA);
- b. Australian Securities & Investment Commission (ASIC);
- c. Community based consumer organisations.

If any of the above trigger events occur, this will trigger a review as if it were a Periodic Review as below.



## 6. Periodic Scheduled Reviews

- a. We will conduct annual periodic reviews whether or not a trigger event has occurred in the previous quarter.
- b. The responsible manager will conduct all reviews of this TMD.
- c. The responsible manager will report the board of directors of Fair Go Finance Pty Ltd within two weeks of conducting a review as to:
  1. Whether any trigger events have occurred.
  2. What factors may have caused these trigger events to occur.
  3. Which of the follow actions we should take:
    - (a) No change if all of our DDOs as published above are being met;
    - (b) The product needs a redesign;
    - (c) A new distribution condition is required; or
    - (d) The product must cease to be offered.

## 7. Significant dealings

If at any time, we detect that more than 10% of the consumers receiving our product within a 3-month period are not within our target market, we shall:

- a) Report this to ASIC as a Significant Dealing within ten (10) business days;
- b) Treat this as a Trigger Event and conduct an immediate review of our loan product and its target market and distribution channels.