

# Target Market Determination

## What is a Target Market Determination?

SocietyOne is required to have publicly available Target Market Determinations under section 994B of the Corporations Act 2001. This ensures we continue to design and develop our products in line our customers' needs and distribute our products to suitable audiences.

The following Target Market Determination describes who the target market is for a SocietyOne unsecured personal loan, and outlines conditions for how the product can be distributed.

It also details the events or circumstances where the Target Market Determination for this product may need to be reviewed.

## Unsecured Personal Loan

### Product suitability

**The product is suitable for** customers who meet the general eligibility criteria, which is:

- Minimum age of 18 years
- Earning more than \$30,000 p.a. from employment (Centrelink may be supplementary income)
- Australian citizen or permanent resident
- Good credit history
- Loan purpose varies, but mainly for personal use.

**The product is designed to meet the needs and objectives** of customers looking to fund a personal purpose such as:

- Better manage personal debt obligations through consolidating debt (better interest rate/repayment amount).
- Finance a personal need (renovation, vehicle, holiday, other large purchase).

**The key factors a customer considers** when applying for a personal loan are:

- Interest rates, associated fees, and consistent repayments
- Flexibility to pay out the loan early
- Ease of application and time to approval
- Brand trust.

**The typical financial position of the suitable customer** for the SocietyOne unsecured personal loan product is one where the customer has an income / expenditure surplus and can afford repayments of a personal loan over time but requires funds in the short term.

### Unsecured personal loan product features

**The key product features are:**

- Borrow between \$5,000 and \$50,000.
- Choose between loan terms of 2, 3 or 5 years and either monthly or fortnightly repayments.
- Risk adjusted pricing, based on the customer's credit profile.
- Fees include an establishment fee, included in the total loan amount and relevant dishonor fees.

**The product meets customers' needs** through the following key benefits:

- Access a rate quote (price/cost discovery) and self-determine if the product is suitable, in a quick and simple way prior to a formal loan application.
- Fixed repayments and rate over the lifetime of the loan give the customer certainty of product cost.
- The ability to pay out the loan early with no penalty fees.
- No ongoing monthly fees.
- The timing of direct debits can align to the customer's pay cycle.
- The digital application process allows customers to apply quickly and easily.

## Unsecured personal loan potential risks and controls taken

**Product affordability** is assessed at the time of application to ensure the loan is affordable at the time of origination by:

- Complying with responsible lending obligations.
- Reviewing bank statements to verify income, expenses and liabilities as part of the assessment process.
- Performing a credit file check to confirm liabilities and repayment history.
- Assessing serviceability and product suitability.

**The potential for a customer to misrepresent their financial needs, liabilities and expenses** is controlled by:

- Reviewing bank statement to verify income, expenses and liabilities, credit file check to confirm other credit facilities and repayment history.
- Performing identity and fraud checks.
- The verification of income with customer's bank or through payslips.

**A customer's inability to meet financial obligations due to financial hardship** is controlled through the provision of hardship arrangements, made available to customers as a way to manage short term change in their financial circumstances.

**Changes in the customer's needs during the life of the loan** are managed by:

- The ability to pay out the loan early, with no penalty.
- The option to refinance with SocietyOne.
- Available hardship arrangements to manage short term negative change in the customer's financial situation.

## Common reasons why a customer may not proceed with an application

**Customers may not be satisfied with the quote element of the product because:**

- Due to the use of risk adjusted pricing, the advertised interest rate may be lower than the rate quoted to the customer.
- The application may be declined.

## Typical complaints made by personal loan customers

**Customers may not be satisfied with the purchased personal product due to:**

- The fees or interest charged when payment obligations are not met.
- The options available for changing loan repayments (varying the contracted repayment amount or frequency).
- The credit enquiry recorded on the customer's credit file.
- Accessibility to account/payment change information.

## Product performance measures

**The performance of the product is measured by:**

- Customers can satisfactorily demonstrate they are able to afford to repay the loan.
- The ability for the customer to pay the loan out in full.
- Delinquency and loss rates.

**SocietyOne measures its customer satisfaction through:**

- Percentage of customers that maintain payment obligations.
- Complaint data including EDR complaints.
- Customer feedback.
- Feedback from distributors.

## How the product is distributed

### **A customer can access an Unsecured Personal Loan from SocietyOne via:**

- The SocietyOne website.
- A broker, who applies for the product on behalf of the customer through a dedicated portal and application form.
- A Referral from a third party partners, often via a link to the SocietyOne website or application form.

### **Brokers and referrers can distribute the personal loan product on SocietyOne's behalf. These distributors must notify SocietyOne of:**

- Complaints (number and nature) to be reported quarterly.
- Any significant dealings in the product outside the target market, which must be reported to SocietyOne immediately.
- Customer's acceptance of the privacy disclosure and receipt of the Credit Guide.

## Review Triggers

### **Events that would signal to SocietyOne that the target market determination requires review, include:**

- A material change to the product or its distribution.
- A significant increase, beyond expected levels, in the volume or nature of complaints, disputes or defaults.
- A change in law or its application, a change in relevant industry code, an AFCA determination, a court decision or ASIC or other regulatory guidance that materially affects the product.  
Feedback from a regulator or consumer group which relates to the suitability of the product or its distribution.

**A significant dealing event** is selling a product to a segment of customers who fall outside the target market.

### **SocietyOne will stop distributing its unsecured personal loan (a stop distribution' event) if:**

- Systemic issue occurs which suggests a breach of core compliance obligations.
- A Cyber security results in a compromise of customer data or fraudulent compromise of the business.
- Funding limitations.

### **The Target Market Determination for unsecured personal loans is reviewed annually.**

- First review start date: October 2022