

Target Market Determination

City Finance Small Amount Credit Contract

Product:	Small Amount Credit Contract (SACC)
Date TMD Approved:	28 th September 2021
TMD Version:	Version 4, updated 20 June 2024
TMD Status:	Current
Issuer:	City Finance Lending Pty Ltd ACN 602 842 839
Issuer Australian Credit Licence:	469854

This is the target market determination (**TMD**) for the purposes of section 994B of the Corporations Act 2001 (Cth) (**Corporations Act**) for the City Finance Lending Small Account Credit Contract (**SACC**).

The issuer of the SACC is City Finance Lending Pty Ltd (**City Finance**). This TMD sets out certain information relevant to City Finance's compliance with the design and distribution (**DDO**) framework in the Corporations Act, including the:

- class of consumers that comprise the target market for the SACC;
- conditions that will be imposed on the distribution of the SACC;
- requirements for City Finance to review the TMD; and
- requirements for distributors to report certain information to SACC.

This TMD does not provide a complete list of the features and terms and conditions of the SACC. This TMD should be read in conjunction with the Terms and Conditions, Financial Table and Information Statement, Credit Guide and other information available on City Finance's website in relation to SACC. A copy of these documents are provided to a consumer when they apply for a SACC. If an application for a SACC is approved, the Credit Contract (including the Terms and Conditions, Financial Table and Information Statement) issued following any approval will govern the specific terms and conditions that apply to that particular SACC.

This TMD has been prepared without taking into account any person's individual needs, objectives, or financial situation. Any person seeking to obtain a SACC should consider how it may affect their personal circumstances.



Capitalised terms have the meaning given to them in the Credit Contact, unless otherwise defined.

Target Market Summary

This product is likely to be appropriate for a consumer seeking fast, unsecured, non-revolving, short term finance (of between 12 and 52 weeks), for a small amount (of between \$300 and \$2,000), to be used for personal purposes to meet an unexpected expense or to make a discretionary purchase and who meets our eligibility criteria.

Further detail in relation to the target market is set out below.

Description of Target Market

Product Description including Key Attributes

The product is small, short term credit facility that has the following key attributes:

- it provides credit of an amount of between \$300 and \$2,000;
- it provides credit for a variety of fixed terms between 12 and 52 weeks;
- it provides credit for personal purposes to meet an unexpected expense or to make a discretionary purchase;
- the loan is unsecured;
- the loan amount (minus the upfront establishment fee) is paid to a consumer in a single lump sum;
- the loan is non-revolving and is not a continuing line of credit and once a consumer has repaid the loan, or any part of it, it cannot be redrawn;
- repayments must be made in accordance with regular periodic payments (which can be set at the start of the loan at either weekly, fortnightly or monthly);
- the ability to make additional and early payments on the loan with no early repayment fees or early termination fees;
- fees and costs are payable in respect of the product and include an upfront establishment fee of 20% of the loan amount, a monthly maintenance fee of 4% of the loan amount and a dishonour fee of \$35 for a missed payment; and
- it is only available to consumers that meet our eligibility criteria.



Target Market Description

	Consumers in the Target Market	Consumers not in the Target Market
Eligibility Criteria		
Eligibility Criteria	<p>Consumers in the target market have the following eligibility characteristics:</p> <ul style="list-style-type: none"> aged between 21 years of age and 85 years of age (although we may issue the product to consumers aged 18 years of age and over where they have demonstrated positive payment behaviour); are an Australian citizen or permanent resident; have a fixed Australian address; have an Australian bank account that can process direct debits; are in control of own finances and are not under any arrangement by a third party (e.g. public trustee or guardian arrangements); have an acceptable source and frequency of income; and have a minimum monthly income of \$1,580 from employment or benefits or other acceptable source of income; and are able to apply online and give City Finance access to their bank statement data and credit history. 	<p>Consumers not in the target market do not meet the eligibility characteristics.</p>
Likely objectives, financial situation and needs		
Needs and objectives	<p>The likely needs and objectives of consumers in the target market include:</p> <ul style="list-style-type: none"> consumers who require credit for personal purposes to be used to meet an unexpected expense or to make a discretionary purchase; consumers who are seeking a loan for a small amount (being between \$300 and \$2,000); 	<p>The likely needs and objectives of consumers not in the target market include:</p> <ul style="list-style-type: none"> consumers who require credit for an unacceptable purpose. For example: <ul style="list-style-type: none"> for a purpose that is illegal or immoral; for essential living expenses;



<ul style="list-style-type: none"> • consumers who are seeking a short term loan for a fixed period (for a period between 12 and 52 weeks); • consumers who are seeking an unsecured loan; • consumers who are seeking a non-revolving loan, that is not able to be redrawn; and • consumers who are seeking a loan with the certainty of fixed regular periodic repayments, with the ability to make early repayments with no early repayment fees or termination fees. 	<ul style="list-style-type: none"> ○ for repaying other forms of credit; ○ for a purpose that indicates substantial hardship (for example, in arrears to rent); and / or ○ for a purpose that is deemed a breach of a relevant legislative requirement; • consumers who are seeking a loan for an amount less than \$300 or more than \$2,000; • consumers who are seeking a loan that can be repaid over a period longer than 52 weeks; • consumers who are seeking a loan that is secured; and / or • consumers who are seeking a loan that is a form of revolving credit or a continuing line of credit.
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<p>Financial situation</p> <p>The likely financial situation of consumers in the target market include:</p> <ul style="list-style-type: none"> • consumers who have a minimum monthly income of \$1,580 from employment or benefits or another acceptable source of income; • consumers who have the financial capacity to pay the principal repayments and fees for the product when such amounts become payable and due under the Credit Contract; and • consumers whose repayments under the product and any other SACC product would represent 10% or less of their net income. 	<p>The likely financial situation of consumers not in the target market include:</p> <ul style="list-style-type: none"> • consumers who have a minimum monthly income of less than \$1,580 or whose income is not from employment or benefits or other acceptable source; • consumers who do not have the financial capacity to pay the principal repayments and fees for the product when such amounts become payable and due under the Credit Contract. For example: <ul style="list-style-type: none"> ○ consumers who gamble excessively (for example, where 30% or more of net (after tax) income is spent on gambling); ○ consumers who have an unacceptable history of dishonours and / or defaults
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on existing credit commitments;

- consumers who have requested relief for existing financial commitments on the grounds of financial hardship; and / or
 - consumers who have an unacceptable number of similar loans; and / or
 - consumers whose repayments under the product and any other SACC product would represent more than 10% of their net income.
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Appropriateness

City Finance has assessed the product and formed the view that 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, as the key attributes of the product (including the eligibility criteria) set out above under the 'Description of product including key attributes' section, are likely to be suitable for consumers with the attributes identified in the column 'Consumers in the target market' in the 'Target market description' section.

How this Product is to be Distributed - Distribution Conditions

The conditions and restrictions which apply to distribution of the product are set out below.

This product is authorised to be distributed by City Finance by any of the following means:

- online through the City Finance website;
- for existing consumers that have applied online, over the phone, by contacting a customer service centre.

City Finance considers that the distribution conditions make it likely that consumers who acquire the product will be in the target market because:

- the product can only be distributed directly by City Finance through the above distribution channels;
- the product can only be distributed by City Finance to people who are considered not inappropriate based on the eligibility criteria for the product;



- the product can only be distributed to people who meet standard eligibility criteria and in compliance with relevant laws;
- the product can only be distributed in accordance with City Finance's underwriting criteria;
- the product can only be distributed by staff of City Finance who have received appropriate training;
- all applicants must complete the same application and have engagement with City Finance staff in accordance with well-developed processes and procedures; and
- the online application incorporates auto-decisioning elements that ensures that applicants who do not satisfy certain eligibility criteria cannot proceed with an application.

Reviewing this Target Market Determination

Periodic Reviews

Initial Review	Within 1 year of the TMD approved date
Subsequent Review	At least every 1 year from the initial review date

Review Triggers

Complaints	The percentage of complaints received in a calendar quarter is equal to or greater than 2% of the active loans at the end of that quarter
Bad Debts	The percentage of bad debts in a calendar quarter is equal to or greater than 18% of the active loans at the end of that quarter
Cancellations	The percentage of cancellations in a calendar quarter is greater than or equal to 5%
Consumer outside of target market	The issuer identifies a consumer outside of the target market that has acquired the product
Consumer inside of target market but product unsuitable	The issuer identifies a consumer inside of the target market, who acquired the product, but for whom the product is not suitable
Material change to product	There is a material change to the product structure (including its key attributes) or its distribution
Regulatory Orders	ASIC uses their product intervention power in Part 7.9A of the Corporations Act to intervene in relation to the product
Significant Dealings	The issuer identifies a significant dealing has occurred that is required to be reported to ASIC



Hardship Applications	The percentage of hardship applications in a calendar quarter is equal to or greater than 2% of the active loans at the end of that quarter
No payment	The percentage of originated loans within a calendar quarter that go 30 days or more without making a payment is equal to or greater than 15% of the originated loans at the end of that quarter
Material change in legislation	There is a material change in the regulation of small amount credit contracts under the <i>National Consumer Credit Protection Act 2009</i> and associated regulations

Information Reporting Requirements

This table sets out the information we need to identify whether a review trigger, or another event or circumstance that would reasonably suggest that the TMD is no longer appropriate, has occurred, who is required to report this information and the reporting periods.

Information	Who is required to report	Reporting period
The number, nature of and resolution of complaints (as defined in section 994A of the Corporations Act)	Issuer and distributors	Quarterly within 10 business days from the end of the period
The percentage of bad debts	Issuer and distributors	Annually within 10 business days from the end of the period
The percentage of cancellations	Issuer and distributors	Quarterly within 10 business days from the end of the period
Details of a consumer identified as being outside of the target market	Issuer and distributors	As soon as practicable but within 10 business days after becoming aware
Details of a consumer identified as being inside the target market, but for whom the product is not suitable	Issuer and distributors	As soon as practicable but within 10 business days after becoming aware
A material change to the product structure (including its key attributes) or its distribution	Issuer and distributors	As soon as practicable but within 10 business days after becoming aware



ASIC's use of its product intervention power in Part 7.9A of the Corporations Act to intervene in relation to the product	Issuer and distributors	As soon as practicable but within 10 business days after becoming aware
Details of a significant dealing that is required to be reported to ASIC	Issuer and distributors	As soon as practicable but within 10 business days after becoming aware
The number of hardship applications received	Issuer and distributors	Quarterly within 10 business days from the end of the period
The number of originated loans that go 30 days or more without making a payment	Issuer and distributors	Quarterly within 10 business days from the end of the period
A material change to regulation of small amount credit contracts under the <i>National Consumer Credit Protection Act 2009</i> and associated regulations	Issuer and distributors	As soon as practicable but within 10 business days after becoming aware

