

# Target Market Determination

## What is a Target Market Determination?

A Target Market Determination (**TMD**) is a document that, among other things, describes the type of customer for which the product is designed (the target market), and conditions and circumstances for how the product can be distributed and when it needs to be reviewed.

## Why does 1<sup>st</sup> Choice NOW need to have Target Market Determinations?

1<sup>st</sup> Choice Enterprises Pty Ltd ABN 23 082 914 725 ACL 393676 (T/A 1<sup>st</sup> Choice NOW) (**we /us / our**) is required to have a TMD for each financial product it issues in accordance with Part 7.8A of the *Corporations Act 2001* (Cth) (the **Act**). The Act sets out our obligations in relation to the design, marketing and distribution of our products.

### 1. About this document

The purpose of this TMD is to specify the target market for which our products are provided having regard to the product's key attributes, and to set rules for the distribution of the product to consumers.

This TMD is general in nature and should not be construed as financial advice. Consumers should refer to our relevant terms and conditions (including any applicable credit guide) before obtaining our products.

This TMD applies to the Loan referred to in the Loan Terms and Conditions, available here **Terms and Conditions**.

This TMD is effective from 23 November 2024.

### 2. Class of consumers that is the target market

The Loan is designed for consumers who:

- do not want to acquire goods by paying the full purchase price of the goods upfront;
- would like to finance the acquisition of personal goods;
- want to repay the loan over time by fixed weekly, fortnightly or monthly principal and interest repayments;
- do not want to pay any ongoing fees ;
- may want the flexibility to make additional repayments and pay out the loan early;
- acquire the goods for a predominant domestic or household purpose; and
- meet our eligibility requirements, being individuals who are:
  - 18 years of age or older;
  - reside in Australia;
  - meet our credit assessment criteria; and
  - meet verification of identity requirements.

## Product description and key attributes

The Loan has the following key attributes that will impact whether the product is likely to be appropriate for the target market.

Feature	Description
Minimum loan term	Two years
Maximum loan term	Four years
Minimum loan amount	\$350
Maximum loan amount	\$10,000
Repayment structure	Customers may make regular scheduled monthly principal and interest repayments to pay down the loan balance over the term, but may pay out the loan early if they wish.
Interest rate type	Fixed
Security	The loan must be secured by a mortgage taken over the acquired goods.
Fees	<ul style="list-style-type: none"><li>Late payment fee</li></ul> Other fees and charges may apply.

## Description of likely objectives, financial situation, and needs of consumers in the target market

This product is designed for consumers who:

- want to acquire personal goods, but want to finance that acquisition;
- are seeking a loan with a fixed interest rate;
- want the ability to repay the loan early;
- want the certainty of repaying the loan by a fixed schedule of regular repayments;
- want to make principal repayments to reduce the principal balance of the loan and increase equity in the goods; and
- meet our credit assessment and eligibility criteria, including customers who:
  - have consistent, ongoing and verifiable income.

## Classes of consumers for whom the product is clearly unsuitable

This product is not suitable for customers who:

- do not want to incur late payment fees;
- do not meet our credit assessment eligibility requirements;
- are seeking the flexibility of variable repayments over the term of the loan;
- do not anticipate making extra repayments; or
- want to make use of redraw or offset facilities.

#### Consistency between target market and the product

This product is likely to be consistent with the objectives, financial situation and needs of the class of consumer in the Target Market, based on the features and key attributes of the product mentioned above. This is because the product enables customers to:

- purchase personal goods; and
- make fixed principal and interest repayments in order to reduce the principal balance of the loan and increase equity in those goods.

### 3. How this product is to be distributed

#### *Distribution channels*

The product and services are designed to be distributed by us directly to consumers through the following means:

- Online
- Through our contact call centre
- Through our physical locations/branches

#### *Distribution conditions*

Distribution conditions may include:

- ensuring individuals meet eligibility requirements for the Loan; and
- ensuring that the Loan is only distributed in accordance with the most up-to-date version of this TMD.

#### *Adequacy of distribution conditions and restrictions*

The distribution conditions and restrictions make it likely that the consumers who acquire the product are in the target market by:

- ensuring that consumers will have been provided with sufficient information about the product before being entering into the Loan;
- requiring consumers to provide specific information, disclosure and evidence to confirm they meet eligibility requirements for the Loan; and
- ensuring that only consumers who meet our credit assessment and eligibility criteria are offered the Loan.

### 4. Reviewing this TMD

#### *Periodic reviews*

**First review date:** Within 6 months of the Effective Date

**Periodic reviews:** Every 12 months from the first review date and each subsequent review date.

### Review triggers

Any event or circumstances that arise that would suggest the TMD is no longer appropriate. This may include (but not limited to):

- A material change to the way the product is distributed;
- A material change to the product or the terms and conditions of the product occurs which would cause the TMD to no longer be appropriate;
- A significant dealing of the product to consumers outside the target market occurs;
- Distribution conditions being found to be inadequate;
- Adverse media coverage or regulatory attention;
- Material changes in the consumer lending regulatory environment; or
- We receive a hardship application from 10% or more of total borrowers in any calendar quarter.

Where a review trigger has occurred, this TMD will be reviewed within 10 business days.

### 5. Reporting and monitoring this TMD

We will collect and keep complete and accurate records of the following types of information, in accordance with the requirements stated in the table below.

Type of information	Description	Reporting period
Complaints	<ul style="list-style-type: none"><li>• Number of complaints</li><li>• Substance of each complaint</li></ul>	Every 3 months
Significant dealing(s)	<ul style="list-style-type: none"><li>• Date or date range of the significant dealing(s) and description of the significant dealing (eg why it is not consistent with the TMD)</li><li>• What was the root cause of the significant dealing(s).</li><li>• Why the dealing(s) is significant (e.g. actual or potential harm to customer/class of customer).</li><li>• How the significant dealing(s) was identified.</li><li>• Steps taken/will be taken (if any) in relation to the significant dealing(s).</li></ul>	As soon as practicable, and in any case within 10 business days after becoming aware