

## TARGET MARKET DETERMINATION

### Medium Amount Credit Contracts

#### 1. ABOUT THIS DOCUMENT

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**Version:** 3

**Issuer:** Red Tree Finance Pty Ltd, ACN 661 567 184, ACL 543794 (referred to as “us”, “our” and the “Issuer” in this Target Market Determination).

#### 2. INTRODUCTION

This document is called the Target Market Determination, hereinafter referred to as “**TMD**”. This document is intended to comply with Part 7.8A of the *Corporations Act 2001* (Cth), which requires the determination of a target market for our products, and matters relevant to our products’ distribution and review. This TMD describes the class of consumers which comprise the target market for Medium Amount Credit Contracts (“**MACC**”) allowing us to gauge whether the product is reaching its intended market.

This TMD takes into account the likely objectives, needs and financial situation of members of the target market as a whole, but does not consider any person’s personal financial situation, objectives, or needs, and is not intended to provide financial advice. Consumers should review the full terms and conditions of the MACC, including the credit guide, before determining whether a MACC is right for them. Please see <https://redtreefinance.com.au/credit-guide/> to access the credit guide.

In addition, this TMD does not set out or summarise the terms and conditions of our MACCs. This TMD is not intended to replace other documents related to the MACC provided by us, which set out the terms and conditions relating to the MACC that we recommend a consumer carefully reads before making a decision about applying for the product, including, the contract document for the MACC which will be sent to a consumer before a consumer enters into an agreement with us.

#### 3. PRODUCT

The product to which this TMD relates is the **Medium Amount Credit Contract** (“**MACC**”) offered by us. This product has the following key attributes:

- the amount borrowed is between \$2,001 and \$5,000 inclusive of all upfront fees (being an establishment fee of \$400 and additional fees of up to \$20);
- interest is calculated daily at a rate of 47% per annum;
- the loan is subject to additional “unascertainable fees” in respect of changes to the loan and costs in respect of default, which may include a missed repayment fee of up to \$35 and a reschedule fee of up to \$25;
- the loan does not have any “balloon payments” (being lump sums payable at the end of a loan that is typically more inflated than the regular instalments);
- repayment of the loan is weekly, fortnightly, or monthly, depending on the pay cycle of the borrower; and
- the loan is secured over any chattel able to be registered under the Personal Properties and Securities Register (“**PPSR**”) system.

These loans are medium amount credit contracts as that term is defined in the *National Consumer Credit Protection Act 2009* (Cth).

#### **4. TARGET MARKET**

MACCs have been designed for the class of consumers aged 18 years or older, who are likely to have the following objectives, financial situation and needs:

- a) are in need of a regulated consumer loan of an amount between \$2,001.00 and \$5,000.00 including all upfront fees for any legal personal purpose including, but not limited to, purchase of a motor vehicle, boat or trailer;
- b) can provide adequate security which can be registered under the PPSR system;
- c) can repay the loan on a fixed term of 12 months;
- d) have an acceptable credit history, meaning that they:
  - i. have no active bankruptcy or debt agreements; and / or
  - ii. have no new unpaid defaults listed within the last 6 months to any other lender;
- e) need a rapid response to a loan application;
- f) are employed or self-employed;
- g) meet the requirements of the affordability assessment, including meeting a minimum income level;
- h) are not otherwise in financial hardship; and
- i) have legal capacity to enter into a loan agreement.

#### **5. CONDITIONS AND RESTRICTIONS ON SUPPLY**

MACCs have not been designed for, and we do not intend to supply a MACC to, any consumer:

- a) who is not of legal capacity (either by age, mental illness or disability);
- b) who is in financial hardship (or who in our opinion is likely to be so within the foreseeable future);
- c) who cannot provide suitable security;
- d) who is solely reliant on Centrelink benefits or government support;
- e) who, in our view, gambles excessively;
- f) who makes inconsistent repayments on existing credit facilities;
- g) who, in our view, has an excessive number of dishonours to other credit providers;
- h) who regularly withdraws from their bank account causing dishonours;
- i) who requires the loan funds for business related expenses costing 50% or more of the loan amount;
- j) who requires the loan funds for objectives relating to gambling, alcohol consumption, or illegal purposes;
- k) who does not presently have the capacity to repay the loan within 12 months; or
- l) where the loan, if provided, would not meet the consumer's requirements or objectives as described by the consumer to us at the time the consumer applies for the MACC.

#### **6. DISTRIBUTION**

MACCs will primarily be distributed directly to consumers by the Issuer. The Issuer will take reasonable steps that will or are reasonably likely to result in distribution of MACCs (other than excluded conduct) being consistent with the TMD. "Excluded contact" is as defined in the *Corporations Act 2001* (Cth) and is referable to the provision of or implementation of personal advice.

Distribution by this method will be through our website and our sales team.

Third party websites (typically websites which suggest loan providers) may refer consumers to the Issuer's website or collect initial application details from potential applicants and provide those details to us.

The conditions on distribution are as described below:

- all of our employees involved in direct distribution are required to undergo internal training regarding product knowledge and assessment of consumer suitability;
- the Issuer asks consumers qualifying questions as part of the application to assist its assessment of suitability and to ensure that borrowers are within the target market set out in this document in accordance with internal procedures, including policies and scripting; and
- in respect of any third party referrals, the Issuer verifies the methods of collection with the third party and ensures that any information collected is verified as accurate, true and complete before entering into the MACC.

## 7. HOW WILL WE KNOW IF THE PRODUCT IS NOT MEETING THE TARGET?

Based on our issuer distribution conditions above, being our distributor training requirements, consumer screening processes, and the key attributes of the MACC, we think it likely that the consumers who acquire the product will be within the target market. Nevertheless, we will continue to monitor the consumers who access the loans to ensure that they are within the target market. If they are not, as determined following a review trigger, we will review the product and this TMD, and either change the MACC's key attributes or update this TMD to ensure that the target market is met.

## 8. REVIEW OF THE TMD

### Review Triggers

It is possible that over time, the TMD will no longer be appropriate. We will review this TMD on becoming aware of the occurrence of any of the following trigger events:

- **Regulatory Trigger:** On there being a relevant amendment to the *National Consumer Credit Protection Act 2009* (Cth) or any associated Act or Regulation which has the effect of significantly altering the rules relating to the provision of MACCs;
- **Key Attributes or Distribution Trigger:** A material change to key attributes or distribution method including conditions;
- **Significant Dealing Trigger:** A significant dealing in a MACC, which is inconsistent with this TMD. A 'significant dealing' may be determined in consideration of a range of factors such as:
  - where a significant proportion of consumers who take out a MACC are not in the target market;
  - there is actual or potential harm to those consumers who are not in the target market;
  - the extent to which the income obtained by Red Tree from the issue of MACCs, is gained from consumers outside the target market;
  - the nature and extent of the inconsistency of distribution with the TMD;
  - dealings outside of this TMD, which:
    - represent a material proportion of the overall distribution of MACCs carried out by distributors; or

- constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer or class of consumers; or
    - the period of time within which persons outside of the target market took out a MACC; and
- **Complaint Trigger:** In relation to complaints:
  - the number of complaints in a calendar month to the Australian Financial Complaints Authority in relation to total active MACCs (non-settled loans) exceed 0.5%;
  - the number of complaints in a calendar month made by consumers to us or our distributors in relation to total active MACCs (non-settled loans) exceed 1%; or
  - the receipt of more than one letter from ASIC or any regulator in relation to the method of the provision of MACCs in any calendar month.
- **ASIC Powers Trigger:** On receipt of notice, order, or other legal instruction from ASIC that it has or is exercising its powers set out in Part 7.8A of the *Corporations Act 2001* (Cth).

If a review trigger event occurs, the TMD will be reviewed as soon as practicable, but in any event within 10 business days from the date of becoming aware of the review trigger event.

#### Review periods

Review Period	Maximum period for review
Initial Review	N/A – initial review has already occurred
Subsequent Review	1 year

#### Distributor Reporting Requirements

Reporting Requirement	Reporting Period
Significant Dealing – written notice contemplating the factors set out in section 8 of this TMD.	As soon as practicable, and in any case within 10 business days after becoming aware of a significant dealing.
Complaints – whether complaints were received by the distributor in relation to MACCs and number of complaints during the previous quarter.	As soon as practicable, but in any case within 10 business days after the end of the quarter.
Dealing outside of TMD – to the extent that the distributor is aware, dealings outside of the target market including reasons why is outside the target market.	As soon as practicable, but in any case within 10 business days after the end of the quarter.

## 9. CUSTOMER COMPLAINTS

### Internal Dispute Resolution

If there is an issue or complaint a consumer would like to discuss, the consumer should contact our Internal Dispute Resolution (**IDR**) Manager. We will strive to acknowledge the issue and/or complaint as soon as practicable and in any case within 24 hours (or one business day) of receiving it. We may ask that a consumer puts their complaint in writing to us so that we may investigate it further. We strive to resolve these complaints

as soon as possible, and within 30 days for all issues and complaints relating to the TMD (which does not relate to default notices or hardship notices).

Email: [complaints@redtreefinance.com.au](mailto:complaints@redtreefinance.com.au)

Phone: (02) 9044 5633

### **External Dispute Resolution**

If we can't resolve a consumer's complaint or respond within the time limits, we will refer the consumer's complaint to our ASIC approved External Dispute Resolution (**EDR**) provider, Australian Financial Complaints Authority (**AFCA**). A consumer may also choose to contact them directly at:

Postal: GPO Box 3, Melbourne, VIC, 3001

Phone: 1800 931 678

Fax: (03) 9613 6399

Email: [info@afca.org.au](mailto:info@afca.org.au)

[www.afca.org.au](http://www.afca.org.au)

EDR is a free service established to provide consumers with an independent mechanism to resolve specific complaints. Consumers can obtain further details about our dispute resolution procedures and obtain details of our privacy policy on request. Please note that before contacting AFCA a consumer must have gone through our IDR process. If a consumer fails to do so, the matter will be referred to us to resolve in the first instance.

### **10. QUESTIONS?**

If a consumer has any questions about our products or the MACC, consumers can contact us to find out more information in the following ways:

Contact us by phone

Phone: (02) 9044 5633

Contact us by email

[applications@redtreefinance.com.au](mailto:applications@redtreefinance.com.au)

Contact us by mail

GPO Box 3220, Sydney NSW 2001

Visit our website

[www.redtreefinance.com.au](http://www.redtreefinance.com.au)