

# DEALER FINANCE CONSUMER LOAN

## Target Market Determination

30 November 2024

Prepared by BOQ Credit Pty Ltd (BOQC) ABN 92 080 151 266 (Australian Credit Licence number 393331). BOQC is a wholly owned subsidiary of Bank of Queensland Limited (BOQ) ABN 32 009 656 740. BOQ does not guarantee or otherwise support the obligations or performance of BOQC or the products it offers.



**FINANCE**

## What is a Target Market Determination?

A Target Market Determination (TMD) describes:

- the class of customers that comprise the Target Market for the product
- any conditions or restrictions on how the product is distributed to retail customers
- events or circumstances where we will review the TMD for the product.

## Why does BOQ Credit need to make this TMD publicly available?

We are required to produce this TMD by law. The law is intended to help customers obtain appropriate financial products by requiring issuers and distributors to have a customer centric approach to the design and distribution of products.

This document is not a substitute for the product's terms and conditions or other disclosure documents.

Customers must refer to these documents when making a decision about this product. You can obtain a copy of these documents upon request.

## The TMD will undergo a periodic review as follows:

EFFECTIVE DATE
30 November 2024
NEXT REVIEW DUE
30 November 2027
PERIODIC REVIEWS
Within three years of the date from when this TMD was made and then every three years thereafter
TRIGGER REVIEWS
Review to be completed within 10 business days of the identification of a trigger event.

## Target Market

This product is designed for individuals who need a loan to acquire an eligible asset for personal use, including, but not limited to, a motorcycle, caravan, boat, car, or other equipment. These customers are likely to have the following likely objectives, financial situation and needs and must meet the eligibility criteria for this product.

### Objectives

The customer's likely objective is to access a loan to purchase an eligible asset. The customer is seeking certainty of periodic repayment amounts and loan term.

### Needs

The individual's likely need is for a basic credit product that allows them to fund the purchase of an eligible asset including, but not limited to, a motorcycle, caravan, boat, car, or other equipment.

whilst providing them with the following loan features:

- certainty in repayments and interest rates/cost with a fixed interest rate
- short-to-medium repayment term
- loan amount secured against the asset acquired
- financing complementary products and services relating to the asset.
- want the option to select a loan with or without a residual payment (balloon payment).
- Want to own the asset from the beginning of the loan.

### Financial situation

This product is for individuals who:

- satisfy BOQ Credit's credit assessment criteria
- require a minimum credit amount of \$1,500 up to a maximum of \$200,000
- are able to demonstrate that they have the capacity to meet the following payments:
  - principal amounts due
  - interest amounts due
  - application fee
  - monthly fee
- Where balloon payment selected (authorised dealerships only):

This option has been designed for customers who seek to reduce their periodic repayments for the loan term in exchange for paying higher interest costs over the term of the loan when compared to loans without a balloon payment and either intend to:

  - a) pay the final balloon payment when it is due; or

- b) Refinance the final balloon payment when it is due, because they are comfortable with paying higher amounts in interest overall in order to reduce repayments over the term; or
  - c) sell the asset to pay the balloon payment.
- Without balloon payment:  
This option has been designed for customers who seek to pay:
    - a) higher repayments and do not wish to, or may not have access to a lump sum amount to, pay a final balloon payment; and
    - b) lower interest costs over the term of the loan when compared to loans with a balloon payment.

### Eligibility criteria for this product

Customers must satisfy the following criteria to acquire this product:

- be an Australian citizen, permanent resident, or resident with acceptable residency status
- be 18 years or older
- have an acceptable credit history
- at the time of application, demonstrate their capacity to repay the loan.

### Excluded class of customer

This product is not suitable for individuals that:

- do not satisfy our eligibility criteria;
- require an unsecured loan;
- require the flexibility of a variable rate;
- are seeking to part with possession or control of the asset by way of lease, transfer or assignment during the term of the loan;.
- require an asset predominantly for business purposes;
- want the flexibility to make extra repayments in addition to the fixed periodic repayment.

### Product description

A fixed rate loan that gives you the certainty of knowing what your repayments will be over the course of your loan. Final payment can be a balloon payment available through selected authorised dealerships, enabling lower payments during the term in exchange for paying higher interest costs over the term of the loan when compared to a loan without a balloon payment.

### Key attributes of this product

- minimum amount to be financed is \$1,500
- loan terms available between 24 and 84 months (subject to asset type)
- asset must be eligible in accordance with BOQ Credit's credit policy for this product
- fixed interest rate
- principal and interest repayment schedule
- secured against the asset
- application fee
- security registration fees
- monthly fee
- balloon payment option with selected authorised dealerships.

### Why the product is likely to be consistent with the likely objectives, financial situation and needs of the Target Market

This product, including its key attributes have been designed to enable individuals in the Target Market to satisfy their likely objectives, financial situation and needs by providing them with:

- the ability to fund the purchase of an eligible asset;
- certainty of repayments and interest rate as a result of the fixed interest rate;
- the option of a balloon payment which provides smaller regular repayments throughout the loan term in exchange for higher interest costs over the term of the loan when compared to loans without a balloon payment.

### Distribution conditions

This product can be distributed through BOQ Credit's direct channels, including dealer assist (BOQ Credit bankers).

This product can also be distributed by accredited third party channels, including:

- authorised dealer groups only at the point of sale of the asset being acquired; and
- accredited brokers.

This product can only be distributed to retail customers in accordance with BOQ Credit's customer acceptance

requirements and is subject to BOQ Credit's credit assessment criteria.

### **Why the distribution conditions will make it likely that the customers who acquire the product are in the Target Market**

BOQ Credit considers that the distribution conditions and restrictions will make it likely that the individuals who acquire the product will be in the Target Market because of the following key controls:

- only accredited dealer groups and brokers that have been adequately trained to understand the product and our regulatory obligations, including our design and distribution obligations are able to distribute the product.
- our distribution agreements with distributors contain appropriate procedures and controls to ensure that the product is distributed to individuals within the target market.
- controls are applied at point of sale to align customer needs and financial circumstances with this product.

- BOQ Credit utilises an approval system that has controls in place to ensure applicants fall within the target market.

### **Review triggers**

We will review this TMD if any of the following trigger events and information being monitored reasonably suggest that the TMD may no longer be appropriate:

- there is an increase in complaints received in relation to the product and its features that exceeds internally set tolerances.
- we identify a material adverse customer experience in relation to product appropriateness.
- there is an increase in the number of customers in default or financial hardship which exceeds internally set tolerances.
- there is a material change to the product attributes, fees, charges, terms and conditions or the manner of distribution.
- there is a Significant Dealing in the product to individuals outside the Target Market.

## Information reporting requirements

All distributors who distribute this product must provide the following information to BOQ Credit:

TYPE OF INFORMATION	DESCRIPTION	REPORTING PERIOD
Specific complaints received about this product	<ul style="list-style-type: none"> <li>Name, phone, and email of the complainant.</li> <li>Loan account number (if applicable).</li> <li>A full record of the complaint.</li> <li>Any other relevant information.</li> </ul>	As soon as practicable and in any case within 5 business days of receipt of complaint.
Number of complaints received about this product	Number of complaints relating to the product.	As well as agreed in writing, quarterly and in any case within 10 business days from the end of the reporting period.
Significant Dealings	<ul style="list-style-type: none"> <li>The date on which or the date range over which the dealing occurred.</li> <li>A description of the significant dealing.</li> <li>An explanation of why the dealing is considered significant;</li> <li>How the significant dealing was identified.</li> <li>Detail of what steps (if any) have been or will be taken in relation to the significant dealing.</li> </ul>	As soon as practicable, and in any case within 10 business days after becoming aware.
Incidents/Issues (including regulatory breaches)	Incidents and breaches that may indicate product is no longer appropriate for the Target Market or is being distributed outside the Target Market.	As soon as practicable, and in any case within 10 business days after becoming aware.