

# Secured Consumer Loan (Asset Finance)

For Pepper Money Limited as servicer of loans issued by Pepper Asset Finance Pty Ltd ACN  
165 183 317 and Australian Credit Licence 458899

**pepper**  
money

# 1. About this document

This target market determination (TMD) provides information about the target market for the Product. It also outlines the likely objectives, financial situation and needs of the target market as well as the key attributes of the product. Further information can be found on Pepper Money's website. This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Refer to the Asset Finance Consumer Loan and Mortgage which outlines the relevant terms and conditions under the product when making a decision about this product.

## Target market determination date

15 August 2023

# 2. Product

Secured Consumer Loan (Asset Finance)

*Note: This Target Market Determination is not applicable for vehicles used wholly or predominantly for business purposes or novated leases*

# 3. Description of target market, including likely objectives, financial situation and needs

The features and key attributes of this product, have been assessed as meeting the likely objectives, financial situation and needs of consumers who:

- Satisfy our eligibility criteria, including (but not limited to) the following:
  - Must be 18 years or older at the time of application.
  - Must be a resident of Australia (or residing in Australia on a working visa that is acceptable as determined by us).
  - Must be an Individual or joint applicants living at the same address.
  - Must have an acceptable credit rating.
  - Are able to demonstrate their capacity to repay the loan over a sustained period of time.
- Require finance for the acquisition or refinance of one of the following assets for personal use (hereafter defined as Acceptable Asset):
  - Car;
  - Boat;
  - Jet ski;
  - Caravan;
  - Motorcycle;
  - All-terrain vehicle;
  - Tractor;
  - Horse float;
  - Solar generation and storage.
- Can provide security over the Acceptable Asset by way of a Personal Property Securities Register (PPSR) registration.
- Require a fixed interest rate for the term of the loan to provide certainty of repayments, understanding that they will not benefit from interest rate decreases during the fixed rate period and that a break cost will apply if the loan is paid out for any reason or becomes due and payable in full before the end of the loan term.
- Require a loan of between A\$5,000 and A\$300,000.
- Require a loan term of between 1-7 years.
- Must make repayments from an Australian bank account.
- May require the flexibility of making weekly, fortnightly or monthly principal and interest repayments.
- Require the flexibility of purchasing an Acceptable Asset from a dealer or private seller.
- May require the ability to have a balloon payment.

Some product features may alter the target market. See below for details.

## Product features and attributes

This product has the following features and attributes:

- Minimum loan term: 1 year.
- Maximum loan term: 7 years.
- Minimum loan size: \$5,000.
- Maximum loan size: \$300,000.
- Fixed interest rate for loan term understanding that they will not benefit from interest rate decreases during the fixed rate period and that a break cost will apply if the loan is paid out for any reason or becomes due and payable in full before the end of the loan term.
- Weekly, fortnightly or monthly principal and interest repayments.
- Early payout permissible for a fee.
- Balloon payment option available.
- Ability to purchase assets from a dealer or through a private sale.
- Pricing for risk:
  - If a loan is approved, the interest rate offered and fees and charges will depend on our assessment of a number of factors at the time of application including the consumer's credit history, income and financial position, the Loan to Value Ratio (LVR), the loan term and the nature of the security property. A risk loading may apply.
- Fees and Charges

ESTABLISHMENT FEE	\$499.00 (\$600.00 for private sales)
PPSR FEE	PPSR Search Fee \$2.00
PPSR Registration Fee \$6.00	\$10.00 per account split
MONTHLY ACCOUNT KEEPING FEE	\$8.90
EARLY TERMINATION FEE	\$600.00 reducing evenly each month to nil at the end of the Term; plus \$150.00 to cover costs incurred in renegotiating funding facilities and reinvesting any proceeds that result from the early termination. Account closing fee also applies.
ACCOUNT CLOSING FEE	\$20.00

Other fees and charges may apply, as set out in the loan agreement.

## Sub target market for consumers with balloon payment feature:

- Want to make smaller regular repayments over the loan term and make a larger final payment at the end of the loan term.
- Understand that this feature will result in the payment of more interest over the life of the loan.
- Not appropriate for consumers who are unlikely to be able to afford the balloon payment at the end of the loan term.
- This feature is subject to credit criteria.

## Excluded class of consumers :

This product may not be appropriate for individuals who:

- Do not meet the consumer loan and mortgage (asset finance) criteria.
- Cannot demonstrate their capacity to repay debt over a sustained period.
- Require a variable interest rate loan.
- Require an unsecured loan.
- Require a loan for debt consolidation.
- Require a loan wholly or predominantly for business purposes.
- Require redraw functionality.
- Are looking to borrow less than A\$5,000 or more than A\$300,000.

Pepper may also exclude customers based on factors including, but not limited to, loan purpose.

# 4. How this product is to be distributed

## Distribution channels and conditions

This product is designed to be distributed through the following channels:

- Pepper Money accredited Asset Finance introducers (**Third Party Channel**); and
- Directly via appropriately authorised Pepper Money employees (**Direct Channel**).

The distribution channels are appropriate because:

- The product has a wide target market.
- Our Third-Party Channel has an accreditation process to ensure introducers have the required skills, training and knowledge to distribute this product in accordance with the TMD.
- Our Direct Channel distributors have been adequately trained and have the necessary skills and knowledge to distribute this product in accordance with the TMD.
- Our application and approval process has controls in place to ensure all approved consumers meet our eligibility and lending requirements.
- We conduct adequate training, upfront and ongoing due diligence and monitoring of distributors including the ongoing provision of information to these distributors.

## 5. Reviewing this target market determination

We will review this TMD in accordance with the following:

Review periods	First review date: Within twelve months of the effective date Periodic reviews: every twelve months after the initial review and each subsequent review.
Review triggers	This TMD will be reviewed if any of the events should occur: <ul style="list-style-type: none"> <li>• There is a material change to the product including to the fees or the terms and conditions of the product, except where the TMD has already been reviewed in relation to that change.</li> <li>• There is a material change in the regulatory requirements in relation to the product, except where the TMD has already been reviewed in relation to that change.</li> <li>• A significant dealing of the product to consumers outside the target market occur.</li> <li>• External events such as adverse media coverage or regulatory attention suggest that the target market for the product might not be appropriate.</li> <li>• There is a material, unexpected increase in complaints, declined applications, clients in default or hardship when measured against approved metrics, determined by reference to our Design and Distributions Obligations (DDO) Policy.</li> <li>• We receive correspondence from a regulator, including a regulatory order or direction (including the use by ASIC of its Product Intervention Powers) that expressly states or directly implies that this TMD is no longer appropriate.</li> </ul>

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

## 6. Reporting and monitoring this target market determination

The following information must be provided by Pepper Money distributors to Pepper Money in relation to the distribution conduct of this Consumer Loan and Mortgage (Asset Finance) product, if not available to Pepper Money.

Distributors should provide all reporting to [ddoreporting@pepper.com.au](mailto:ddoreporting@pepper.com.au)

Type of Information	Description	Reporting Period
Complaints received in relation to the product, Pepper Money or the distributor	Written details of the complaint, including name and contact details of complainant and substance of the complaint.	Quarterly, and in any case no later than 10 business days* from the end of the quarter or from receiving a request from Pepper Money.
Significant dealings	Any significant dealing which is not consistent with this TMD Including: <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 dealing.</li> <li>• An explanation of why the dealing is considered significant;</li> <li>• An explanation of why the dealing is considered to be inconsistent with the TMD.</li> <li>• How the dealing was identified (e.g., through monitoring, complaints etc).</li> <li>• Detail of what steps 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.

\*Business day is a day that is not a Saturday or Sunday, a public holiday or bank holiday in New South Wales.