



Target Market Determination

Green Loan

About This Document

R.A.C.V. Finance Limited ABN 82 004 292 291 Australian credit licence number 391488 (RACV Finance) has issued this Target Market Determination (Determination) as the issuer of the following Green Loan products (Green Loan):

RACV Green Loan
RACV EV Loan
NRMA Green Loan
NRMA EV Loan

This Determination describes the types of customers that the Green Loan was designed for and the conditions that apply to the distribution of the Green Loan by RACV Finance.

This Determination is effective on and from 14th December 2022 (Effective Date).

Target Market

The Green Loan is designed to provide funding to retail customers residing in Australia seeking to purchase electric vehicles for personal use.

The Green Loan's target market is defined in this section, outlining the class of retail customer through detailing product design factors such as key product attributes and eligibility criteria. These take into consideration the likely needs, objectives, and financial situation of the intended target market for which the product has been designed.

Table A provides a summary of key product attributes and highlights purposes for which the loan is suitable and not suitable.

Table B provides a summary of the eligibility criteria for the class of retail customer for who the product is suitable and not suitable.

The Green Loan, including its key attributes, is likely to be consistent with the financial situation, needs and objectives of the class of retail customers in the target market because money made available to customers under a loan may be used to fund the loan purpose.

The loan amount range, loan term and relative simplicity of the product is suited to the acquisition of electric motor vehicles for domestic use.

Customers who can meet the financial requirements and are assessed as meeting RACV Finance's credit eligibility criteria should be able to meet their financial obligations under the credit contract, assuming no material change to their financial situation.

Table A: Green Loan Product Attributes and Loan Purpose



Key Product Attributes	
Borrowers	Maximum of 2 (see eligibility criteria in Table B, NOTE co-borrowers must receive benefit from the loan)
Guarantors	Maximum of 2 (NOTE: Any guarantors must receive benefit from the loan and be subject to eligibility criteria in Table B)
Loan Term	Minimum 12 months, maximum 7 years
Loan Amount	Minimum of \$5000
Repayment Type	Principal and interest repayments only. RACV Finance does not offer secured interest only loans.
Accepted Repayment Arrangements	Weekly, fortnightly or monthly by direct debit and BPay. A balloon repayment structure is available on request subject to meeting additional eligibility criteria including an acceptable method for final repayment.
Interest Rate	Fixed annual percentage rate that applies for the term of the loan. RACV Finance uses risk-based pricing to determine the annual percentage rate (APR).
Additional Repayments	Permitted. While no fees are charged if additional repayments are made during the loan term, an early termination fee may be payable if the loan is repaid in full prior to the end of the loan term.
Fees	An application fee is payable. An early termination fee may be charged if the loan is repaid in full prior to the end of the loan term. Security registration fees are payable at cost by the customer.
Discounts	Membership of the Royal Automobile Club of Victoria (RACV) Ltd or another auto club operating in Australia contributes as a positive factor in determining the APR. This means that auto club members will generally receive a lower interest rate than the advertised rate or the rate offered to non-members. Green Loans provide a lower interest rate than traditional financing on a standard personal secured loan.
Loan Purpose	✓ Appropriate or ✗ Not Appropriate
Electric Motor Vehicle	✓
Petrol, Diesel, or Hybrid Motor Vehicles	✗
General clean energy household assets that are designed to minimize its environmental impacts (e.g. electric motor vehicle chargers, solar panels, batteries)	✗
Home energy improvements to principal place of residence or investment properties designed to improve environmental impact (e.g. home renovations, installation of solar panels)	✗
Home Appliances	✗
Debt consolidation	✗
One-off large personal expenses (e.g. travel expenses, medical bills, wedding expenses)	✗
Interest in real property	✗
Statutory payments (e.g. taxes, council rates, fines, penalties)	✗

Table B: Green Loan Eligibility Criteria



Customer Status and Financial Situation	✓ Eligible or ✗ Not Eligible
Is a natural person, over the age of 18 years, with permanent Australian residency	✓
Has regular income paid in Australia	✓
Employed on a regular basis in Australia	✓
Has sufficient funds to meet general day to day living expenses and financial commitments of the loan <i>NOTE: If the loan has a balloon payment structure there will be additional requirements to meet</i>	✓
Has a history of savings and/or making repayments on time	✓
Can meet RACV Finance's 'know your customer' and other anti-money laundering and counter-terrorism financing (AML/CTF) requirements	✓
Can provide an acceptable asset, if required, as security for the customer's obligations under the green loan credit contract	✓

Asset Criteria	✓ Eligible or ✗ Not Eligible
Is an electric vehicle	✓
Is a hybrid vehicle	✗
Is a petrol or diesel vehicle	✗
Is an electric vehicle charger	✗
Are solar panels	✗
Is an electric vehicle charger	✗
Is a solar battery	✗
Personal Products	✗
Is a registrable security with confirmed ownership by at least one of the loan borrowers <i>(e.g. If a motor vehicle has a Vehicle Identification Number)</i>	✓
Is covered by insurance for loss of, or damage to, the secured asset during the loan term	✓
Provides sufficient loan to value ratio (LVR)	✓
Is in good working order and meets usage and manufacturer conditions <i>(e.g. a passenger vehicle is required to be road worthy, no older than 20 years at loan maturity and, not be a project/hobby build)</i>	✓
Is reported stolen	✗
Under active manufacturer recall	✗

Has no proven financial history (including no evidence of savings, regular income or making regular repayments)	✘
Will undergo substantial financial hardship as a result of entering the loan or is experiencing financial hardship at the time of application	✘
Is an undischarged bankrupt, or a director of an entity that is in liquidation	✘
Holds, or whose family member or close associate holds, a prominent public position or role in an overseas government body	✘
Is a company or other corporate structure (including trusts)	✘

Distribution Conditions

The Green Loan is distributed through RACV Finance.

Distribution methods for distributors are outlined in Table C.

Table C: Green Loan Distribution Methods

Distributor	Online	On the Phone	In Person
RACV Finance	✓	✓	✘
Authorised Brokers	✘	✘	✘

The Green Loan is promoted by RACV Finance as a loan for the purchase of an electric vehicle. Decisions about the content and placement of advertisements are made by RACV Finance having regard to whether it is more likely that the customers who acquire the product are in the target market, taking in account in particular loan purpose.

RACV Finance staff must first satisfy RACV Finance's onboarding and training requirements. This includes training on the target market, including RACV Finance eligibility criteria and product features and suitability.

All loan applications are assessed for suitability by RACV Finance having regard to customer financial requirements and loan objectives in accordance with relevant credit and responsible lending policies and applicable law. A customer will not be offered a loan unless the application has been approved by RACV Finance.

RACV Finance considers that these distribution conditions make it more likely that customers who acquire a Green Loan will be in the target market.

Review Triggers

The events and circumstances that would reasonably suggest there is a need to review this Determination to assess if it is still appropriate are:

- A change to the design of the product's key attributes.
- A significant change to RACV Finance credit policy that affects the loan eligibility criteria.
- A change in RACV Finance's AML/CTF Program affecting customer types, products, and delivery channels.
- A change to the distribution strategy which results in a change to distribution conditions.

- A legislative or regulatory change, or external events (e.g. adverse media coverage) that affect the product attributes or the distribution conditions.
- A significant change in complaint trends and insights, or sales and conversion rates.
- Systemic issues identified across the product lifecycle (identified by product monitoring, testing or internal audit recommendations).
- If a significant dealing outside of the target market has occurred.

If a review trigger occurs, this Determination will be reviewed within 10 business days.

First review

RACV Finance will complete its first review of this Determination within 2 years of the Effective Date.

Subsequent reviews

Thereafter a review of this Determination will be completed every 2 years or sooner if a review trigger occurs.

Reporting & Monitoring

RACV Finance will monitor for complaints and the conduct of its staff and the Green Loans they arrange for the purpose of identifying if a review trigger or a significant dealing in relation to the product.