

Target Market Determination

This Target Market Determination (TMD) has been prepared in accordance with the *Corporations Act 2001* (Cth) and associated Regulations.

TMDs are designed to assist issuers to ensure that financial products they issue are likely to be consistent with the *likely objectives, financial situation and needs* of the consumers for whom they are intended (the target market) and to assist distributors to ensure that financial products are distributed to the target market.

The TMD is general in nature and should not be construed as financial advice. Consumers should obtain independent advice prior acquiring the product to ensure that it is appropriate for their particular *objectives, financial situation and needs*.

Product	Spark Finance Student Loan (Student Loan)
Issuer	Spark Finance Group Pty Ltd (Spark Finance)
Date of TMD	December 2023
Who is the product suitable for?	<p>The product is suitable for customers who meet the general eligibility criteria, which is:</p> <ul style="list-style-type: none"> - Minimum age of 18 years - Enrolled or planning to study at an approved university - Stable source of income, earning more than \$30,000 p.a. from employment - Australian citizen, permanent resident or eligible visa holder. - Good credit history - Loan purpose is for study and is student loan
Needs and objectives of the Student Loan	<p>The product is designed to meet the needs and objectives of customers looking to fund a personal purpose such as:</p> <ul style="list-style-type: none"> - Student loans to enable study at an approved university <p>The key factors a customer considers when applying for a personal loan are:</p> <ul style="list-style-type: none"> - Interest rates, associated fees, and consistent repayments - Flexibility to pay out the loan early - Ease of application and time to approval - Repayment schedule and grace period - Brand trust. <p>The typical financial position of the suitable customer for the Spark Finance unsecured Student Loan product is one where the customer has an income / expenditure surplus and can afford repayments of a personal loan over time but requires funds in the short term.</p>
Unsecured Student Loan	<p>The key product features are:</p> <ul style="list-style-type: none"> - Borrow between \$3,000 and \$150,000.

<p>product features</p>	<ul style="list-style-type: none"> - Choose between loan terms of 2 to 10 years and either monthly or fortnightly repayments. - Risk adjusted pricing, based on the customer’s credit profile. - Fees include an establishment fee, included in the total loan amount and relevant dishonour fees. <p>The product meets customers’ needs through the following key benefits:</p> <ul style="list-style-type: none"> - Access a rate quote (price/cost discovery) and self-determine if the product is suitable, in a quick and simple way prior to a formal loan application. - Fixed repayments and rate over the lifetime of the loan give the customer certainty of product cost. - The ability to pay out the loan early with no penalty fees. - No ongoing monthly fees. - The timing of direct debits can align to the customer’s pay cycle. - The digital application process allows customers to apply quickly and easily.
<p>Unsecured Student Loan potential risks and controls in place</p>	<p>Product affordability is assessed at the time of application to ensure the loan is affordable at the time of origination by:</p> <ul style="list-style-type: none"> - Complying with responsible lending obligations. - Reviewing bank statements to verify income, expenses and liabilities as part of the assessment process. - Performing a credit file check to confirm liabilities and repayment history. - Assessing serviceability and product suitability. <p>The potential for a customer to misrepresent their financial needs, liabilities and expenses is controlled by:</p> <ul style="list-style-type: none"> - Reviewing bank statement to verify income, expenses and liabilities, credit file check to confirm other credit facilities and repayment history. - Performing identity and fraud checks. - The verification of income with customer’s bank or through payslips. <p>A customer’s inability to meet financial obligations due to financial hardship is controlled through the provision of hardship arrangements, made available to customers as a way to manage short term change in their financial circumstances.</p> <p>Changes in the customer’s needs during the life of the loan are managed by:</p> <ul style="list-style-type: none"> - The ability to pay out the loan early, with no penalty. - The option to refinance with another provider. - Available hardship arrangements to manage short term negative change in the customer’s financial situation.
<p>Common reasons why a customer may</p>	<p>Customers may not be satisfied with the quote element of the product because:</p>

<p>not proceed with an application</p>	<ul style="list-style-type: none"> - Due to the use of risk adjusted pricing, the advertised interest rate may be lower than the rate quoted to the customer. - The application may be declined.
<p>Typical complaints made by personal loan customers</p>	<p>Customers may not be satisfied with the purchased personal product due to:</p> <ul style="list-style-type: none"> - The fees or interest charged when payment obligations are not met. - The options available for changing loan repayments (varying the contracted repayment amount or frequency). - The credit enquiry recorded on the customer’s credit file. - Accessibility to account/payment change information. <p>The performance of the product is measured by:</p> <ul style="list-style-type: none"> - Customers can satisfactorily demonstrate they are able to afford to repay the loan. - The ability for the customer to pay the loan out in full. - Delinquency and loss rates. <p>Spark Finance measures its customer satisfaction through:</p> <ul style="list-style-type: none"> - Percentage of customers that maintain payment obligations. - Complaint data including EDR complaints. - Customer feedback.
<p>How the product is distributed?</p>	<p>A customer can access an Unsecured Personal Loan from Spark Finance via:</p> <ul style="list-style-type: none"> - The Spark Finance website. - A referral from third party partners and websites, often via a link to the Spark Finance website or application form
<p>Review triggers</p>	<p>Events that would signal to Spark Finance that the target market determination requires review, include:</p> <ul style="list-style-type: none"> - A material change to the product or its distribution. - A significant increase, beyond expected levels, in the volume or nature of complaints, disputes or defaults. - A change in law or its application, a change in relevant industry code, an AFCA determination, a court decision or ASIC or other regulatory guidance that materially affects the product. <p>Feedback from a regulator or consumer group which relates to the suitability of the product or its distribution.</p> <p>A significant dealing event is selling a product to a segment of customers who fall outside the target market.</p>

	<p>Spark Finance will stop distributing its unsecured personal loan (a stop distribution' event) if:</p> <ul style="list-style-type: none">- Systemic issue occurs which suggests a breach of core compliance obligations.- A Cyber security results in a compromise of customer data or fraudulent compromise of the business.- Funding limitations.
How often is this document reviewed?	At least annually, or if required as outlined above, last review date December 2023