

Target Market Determination

For Consumer Personal Loan (ABN: 12 604 342 823)

1. About this document

This target market determination (TMD) seeks to provide consumers, distributors and staff with an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

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. Consumers must refer to the Harmony website (<https://www.harmony.com.au/>), which outlines the relevant terms and conditions of the product, when making a decision about this product.

Terms and conditions to which this target market determination applies

This TMD applies to the Harmony Consumer Personal Loan offering referred to in the following terms and conditions:

- o [Loan Agreement General Terms](#) (includes Credit Guide and Information Statement) Effective from 17 July 2019

All other related terms and conditions and policies are located here: <https://www.harmony.com.au/legal>

Date from which this target market determination is effective

5 October 2021

2. Class of consumers that fall within this target market

The information below summarises the overall class of consumers that fall within the target market for a Harmony Consumer Personal Loan, based on the product's key attributes, and the objectives, financial situation and needs that it has been designed to meet.

The Harmony Consumer Personal Loan has been designed for consumers whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including its key attributes). The Harmony Consumer Personal Loan is for those consumers who:

- o are seeking an entirely online method of obtaining an amount of credit for one or more of a variety of different purposes including;
 - o a major purchase (for example, a new car for commuting, or a boat for recreational use);
 - o an atypical, unexpected or larger than normal expense (for example, education costs, funeral costs, medical procedure or home renovation); or
 - o reorganising their financial situation (for example, refinancing debt with Harmony or other creditors to improve cash-flow or reduce the overall cost of their debt).

Product description and key attributes

The key eligibility requirements and product attributes of the Harmony Consumer Personal Loan are:

Eligibility by way of a consumer:

- o being a citizen or permanent resident of Australia;
- o being over the age of 18;
- o demonstrating creditworthiness based on their credit history;
- o having sufficient and reliable income to support affordability under responsible lending criteria; and
- o meeting Harmony's Credit Approval Criteria.

Product attributes of:

- o a fixed term contract of 3, 5 or 7 years (with no cost to the consumer for early repayment);
- o a fixed rate of interest;
- o a rate of interest matched to the consumer's creditworthiness (as estimated by Harmony);
- o a fixed, regular repayment amount (with no penalty for a consumer paying an amount above the fixed amount);
- o interest accruing on daily outstanding loan balance;
- o a one-off establishment fee, and no other fees or charges if the consumer makes their regular repayments (otherwise a dishonour fee and enforcement costs may apply);
- o a choice of a weekly, fortnightly or monthly repayment frequency; and
- o the option to select a repayment direct debit date to suit the consumer's preference (for example, for their budgeting purposes).

Objectives, financial situation and needs

This product has been designed for individuals who:

Need, or whose objective is to obtain:

- o a credit facility for any personal purpose:
 - o without having to provide security; or
 - o with a reduction in interest rate by providing suitable security
- o improvements to their financial position through solutions such as debt consolidation or refinancing;
- o a loan for which the application process is conducted entirely online, without the need for face-to-face interaction, at a day and time convenient to them; and/or
- o a rate of interest above the market average if it guarantees access to funds unavailable to them elsewhere in the market.

Are in a financial situation where they are able to:

- o afford loan repayments without substantial financial hardship, and:
 - o have a reliable income; and/or
 - o can demonstrate that they can afford a loan over and above any current debts; and
- o in general, satisfy standard eligibility criteria.

Excluded class of consumers

This product has not been designed for persons who are not individuals (for example, a company), or individuals who:

- o are seeking funds for illegal purposes;

- o are seeking funds for everyday living expenses that should be covered by normal income earnings (i.e. expenses that would not normally be saved for);
- o cannot demonstrate affordability, creditworthiness and/or a reliable income;
- o cannot understand/comprehend their obligations under a loan contract and/or the associated terms and conditions;
- o are at risk of substantial hardship under current circumstances;
- o are seeking funds for frivolous or hazardous purposes (such as gambling or compulsive behaviours, or for purposes that might be detrimental to their family relationships or mental health and wellbeing); and/or
- o temporary Australian residents or visitors, those under 18, and/or those with a poor history of managing debt, especially to their own detriment.

Consistency between target market and the product

The table below demonstrates how the product features align with the likely objectives, financial situation and needs of the class of consumers in the target market.

Product Attribute	Objective/Financial Situation/Need
Fixed repayments	Certainty of what is owed each month to avoid entering into arrears and to budget effectively.
Fixed term	Certainty as to when the loan will end if all payments are made on time, providing a goal.
Choice of terms	Flexibility of the period of indebtedness.
Fixed interest	Certainty that market interest rate changes will not make the borrower worse off.
No monthly fees	Confidence that there are no additional ongoing/future costs associated with borrowing that need to be budgeted.
No early payout fee	Confidence that there is no additional cost if the opportunity arises to repay the loan and remove the financial obligation earlier.
Rate for risk	The benefit of accessibility to loan funds not available in general due to lower creditworthiness, where the consumer is willing to accept a higher interest rate. The benefit of paying less interest than market rates if the consumer is more creditworthy than other borrowers in the general market.
Entirely online	The ability to acquire a loan, and conduct business with Harmony, 24/7 from any internet-connected device rather than wait until general business hours, with the benefit of convenience of use/accessibility.
Supported by web chat and telephone	The benefit of not having to meet face-to-face even when specific questions or circumstances need addressing when applying for a loan.
Nominated direct debit date	Flexibility to align outgoing loan repayment with income to better manage finances/household cash flow.
Option to pay weekly, fortnightly or monthly	Flexibility to match repayment frequency with income frequency to better manage finances/household cash flow.
Responsible Lending Approval Criteria	Certainty that foreseeable or likely substantial hardship will be avoided for anyone approved to borrow.

The product features are available to all consumers to allow flexibility in borrowing that is akin to the flexibility they would expect in a personalised savings plan. In this way it meets the objective of bringing spending forward from future savings and instead making loan repayments. The responsible lending approval criteria ensures that consumers will be able to make loan repayments without suffering substantial financial hardship, except where such hardship is unforeseen.

3. How this product is to be distributed

Distribution channels

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

- o directly online via the Harmony website
- o indirectly online via direction of web traffic from internet search engines to the Harmony website;
- o via referral from online loan comparison sites to the Harmony website; and
- o via referral from Credit Reporting Access Seeker websites to the Harmony website.

Distribution conditions

This product should only be distributed under the following circumstances:

- o by third party intermediaries (distributors) authorised by Harmony to refer potentially eligible consumers to the Harmony website;
- o through the use of keywords specified by Harmony to search engine advertising partners (or determined algorithmically by those search engines from the keywords or other target market criteria specified by Harmony), which search engine results thereby refer potentially eligible consumers to the Harmony website; or
- o to individuals exceeding minimum credit criteria at a credit bureau, as determined by an Access Seeker, who are thereby referred to the Harmony website.

Adequacy of distribution conditions and restrictions

It is likely that the consumers referred to the Harmony website via the distribution network above will fall within the class of consumers for which the product was designed.

This assessment is based on the distribution conditions that the third party referring consumers is vetted and authorised by Harmony, and that search keywords are defined by Harmony (or determined algorithmically from such keywords or other target market criteria specified by Harmony), such that the referred consumers are likely to be seeking an entirely online method of obtaining an amount of credit for one or more of a variety of different purposes.

As the issuer, Harmony has sole determination of whether a consumer acquiring the product meets the eligibility criteria, and that suitability is assessed according to the consumer's requirements and objectives (as per Harmony's Credit Licence obligations as a responsible lender under the National Consumer Credit Protection Act 2009).

4. Reviewing this target market determination

Harmony will review this target market determination as follows:

Initial review	Within 4 months of the effective date.
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Periodic reviews	At least every 12 months following the initial review.
Review triggers or events	<p>On the occurrence of any event or circumstances arising that would suggest the TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none"> • a material change to the design or distribution of the product, including related documentation; • changes to relevant laws, regulatory guidance or applicable industry standards; • Harmony becoming aware of significant dealings in the product; • Harmony becoming aware that distribution conditions are inadequate; • external events such as adverse media coverage or regulatory attention, including feedback from the Australian Financial Complaints Authority, a court or tribunal; and • significant changes in metrics, including, but not limited to, complaints, 'Net Promoter Score' customer comments (but not the score itself), the percentage of borrowers in financial hardship, and/or the percentage of borrowers identified in hindsight as having been unsuitable at the time of approval.

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

5. Reporting and monitoring this target market determination

Harmony may collect the following information from its distributors in relation to this TMD.

Complaints	<p>Distributors will report the number of complaints in relation to the product(s) covered by this TMD on a quarterly basis (10 days after the quarter has closed), except where the number is zero. This will include written details of the complaints.</p> <p>These can be forwarded or directed to complaints@harmony.com.au</p>
Significant dealings	<p>Distributors will report to ASIC if they become aware of significant dealings in relation to this TMD, within 10 business days.</p> <p>If in doubt, the Distributor must report the dealing to Harmony so it can undertake an assessment.</p> <p>These can be forwarded or directed to marketing@harmony.com.au</p>

6. Appropriateness

Harmony, as the issuer, has assessed the product's key attributes and formed the view that it is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described within this TMD.