



Target Market Determination

HSBC Low Rate Credit Card

Date: 5 October 2021



HSBC

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Product Description (including Key Attributes)

The HSBC Low Rate Credit Card is a credit card which accesses a line of credit subject to a limit with an interest free period before an interest rate applies to purchases and a different interest rate applies to cash advances.

The key attributes of the product are:

- a lower rate of interest on purchases compared to other HSBC credit cards
 - a minimum credit limit of \$1,000
 - up to 55 days' interest free on purchases. Cash advances incur interest immediately
 - no overseas transaction fees (annual fee and other fees may apply)
 - complimentary domestic travel insurance
 - physical and/or digital card
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Target Market

The target market for the HSBC Low Rate Credit Card is the class of persons who are consumers and who have the following likely objectives, needs and financial situation.

Likely objectives

Customers with **any one or more** of the following likely short term and long term objectives:

- to manage cash flow
- make ordinary, everyday or one-off domestic purchases, overseas and/or online purchases
- to reduce credit card debt by utilising a balance transfer promotion
- to pay a lower interest rate for purchases compared to other HSBC credit cards

Likely needs

Customers with **any one or more** of the following likely needs:

- time to make repayments before incurring interest
- access to credit of at least \$1,000
- access to a lower interest rate for purchases
- ability to make international purchases without being charged an overseas transaction fee
- access to complimentary domestic travel insurance
- ability to access cash in emergency situations
- ability to access special promotional terms
- ability to make purchases using a widely accepted payment method (through a physical and/or digital card)

Likely financial situation

Customers in **all** of the following financial situations:

- aged 18 years or older
- regular income of at least \$40,000 p.a.
- not experiencing financial hardship or financial stress as identified through credit bureau checks carried out at the time of application

- likely to be able to make minimum repayments each month without experiencing financial hardship
- likely to be able to repay the credit limit within 3 years without experiencing financial hardship

Dependencies

The class of persons must be able to service the proposed credit limit in accordance with the bank's lending criteria and responsible lending obligations at the time of application.

Explanation

The product and its key attributes are likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market because:

- the Interest Rate on purchases is the lowest of the HSBC credit cards, which is aligned to customers needing access to a credit card with a lower interest rate for purchases
- the credit limit on this card starts at \$1,000, which is aligned with customers who need access to an amount of credit and to manage their cash flow
- there are up to 55 days' interest free on purchases which is aligned to customers needing time to make repayments before incurring interest

Distribution Conditions

This product can only be distributed through the following channels and subject to the following distribution conditions:

HSBC Australia

- via an HSBC branch
- online application via the HSBC public website, Online or Mobile Banking
- over the telephone via the HSBC Contact Centre

Third party comparison websites

- comparison websites - only those with whom HSBC has an agreement, where factual information about the key attributes of the product are hosted together with a link to HSBC's public website, and no additional marketing is conducted.

Explanation

The distribution conditions make it more likely that the consumers who acquire the product are in the target market because:

- all HSBC branch and customer service staff must have completed the required training to be able to recommend this product
- the HSBC public website provides all necessary product information, so customers can make an informed decision before applying for the product
- the direct channels are proprietary channels and HSBC has strict control and monitoring over the distribution, application process and marketing of products within these channels
- third party comparison websites are strictly controlled through the agreement with HSBC

Review Triggers

If, in HSBC's view, any of the following occur:

- where there is significant dealing outside the target market
- where there are a significant number of exceptions outside the target market, for example, a significant number of exceptions in relation to the minimum age requirement or the financial hardship or financial stress requirements
- where there is a significant number of material complaints in relation to the product

- where there is a material change to the product or the terms and conditions of the product
- where there is a significant increase to the number of defaults within the first year of issuing the product to customers
- where there is a significant number of customers making only minimum monthly repayments for a number of months

Review Periods

Unless a review trigger occurs:

- **first review date:** 5 October 2022
- **periodic reviews:**
 - next review completed by: 5 October 2023
 - maximum period between reviews: 12 months

Distribution Information Reporting Requirements

| Distributor | Information | Frequency | Reporting period |
|---------------------|--|-----------|---|
| Comparison websites | Information on all complaints received in relation to the product, HSBC or the distributor | Quarterly | Within 10 Business Days of the end of the quarter |

Disclaimer

For more information about HSBC credit cards, please visit www.hsbc.com.au