



Responsible Lending Policy

1. About this document and overview

1.1 Policy overview

This document is the responsible lending policy of Jingle Finance Pty Ltd ACN 132 485 066 (Australian Credit License 388143). ('we/us/our').

This document sets out how we will comply with our responsible lending obligations as set out in the:

(a) the *National Consumer Credit Protection Act 2009* (Cth) (the **NCCP Act**), including the *National Consumer Credit Protection Regulations 2010* (**NCCP Regulations**); and

(b) ASIC Regulatory Guide 209 *Credit licensing: Responsible lending conduct* (**RG 209**).

The term 'borrower' is used to refer to anyone who we make a loan to and anyone who applies for a loan with us.

This document must be read together with our credit policy.

This document covers the following products that we offer:

(c) small amount credit contracts (**SACCs**);

(d) medium amount credit contracts (**MACCs**); and

(e) large amount credit contracts.

This document is intended for internal use only.

1.2 What is responsible lending?

Responsible lending is not a credit risk assessment. Instead, responsible lending involves:

(a) gathering information;

(b) verifying information; and

(c) assessing whether:

(i) the loan will meet the requirements and objectives of the borrower; and

(ii) the borrower will be able to repay the loan without substantial hardship.

More comprehensive responsible lending rules are prescribed for some credit products or for more vulnerable borrowers, including for SACCs.

1.3 When do responsible lending obligations apply?

The NCCP Act requires that we conduct a responsible lending assessment **before**:

(a) entering a credit contract;

(b) making an unconditional representation to a borrower that the borrower is eligible to enter a credit contract or consumer lease with us (ie before granting an approval);

(c) providing a principal increase on a loan; or

(d) making an unconditional representation to a borrower that the borrower is eligible for a principal increase.



1.4 Security

As stated above, responsible lending is not the same as our credit risk. Our credit risk is whether we will recover the amount of credit either from the borrower or by enforcing any security we hold. Please refer to our credit policy for guidance on credit risk.

A borrower's responsible lending risk is that a loan may cause them significant hardship or that it may not meet their requirements and objectives. As such, when assessing the responsible lending risk, we will not take into account any security given by a borrower to determine the extent of our inquiries and verification.

1.5 Key items to consider

The following are key considerations.

- (a) We need a clear understanding of borrowers' financial position and requirements and objectives, **and these must be recorded.**
- (b) The focus is on each borrower's individual circumstances. Using portfolio data or assumptions based on borrower profile will not be enough.
- (c) If there are any 'flags' which should trigger further investigation.
- (d) We need to identify borrower vulnerabilities. Where we use an automated system, it must be correctly programmed to 'flag' the items necessary to ensure borrowers' individual circumstances are being taken into account.
- (e) We need a clear written record of our systems' programming. That is, if asked, we must be able to clearly articulate to ASIC, AFCA or a court the rules sitting behind any automated system we use (regardless of whether it is our own system or a third party system that we use).
- (f) We need to review our system at regular intervals to ensure that they are producing good responsible lending outcomes for borrowers.

2. Scalability

2.1 What is 'scalability'?

The law requires 'reasonable' inquiries to be made. What amounts to 'reasonable' inquiries is said to be 'scalable' – ie the scale of the inquiries and verification depends on the circumstances of the case.

RG 209 makes it clear that in determining scale, less inquiries and verification may be appropriate for:

- people with above average assets and income;
- experienced borrowers;
- borrowers already servicing similar repayment obligations; and
- simpler 'less risky' products.

On the other hand, more inquiries and verification may be appropriate:



- for unsophisticated or disadvantaged borrowers;
- for borrowers who have a small surplus income after outgoings;
- for borrowers with poor credit history;
- where borrowers' requirements and objectives are unclear: and
- for more complex products.

2.2 Risk of consumer harm

The risk that a borrower will be harmed by taking on a credit contract will be higher where the amount of the new financial obligations would be a proportionately significant part of the borrower's available income, or where the funds received under the new financial obligation will be used to repay an existing SACC.

Where a borrower's estimated expenditure is at a level that leaves little or no available income after new financial obligations are added, we will decline the loan.

Examples of situations where we will make more detailed inquiries include where:

- the borrower's credit history shows an increasing net debt position;
- the borrower's savings account is regularly overdrawn or direct debit transactions reversed;
- most or all of the consumer's income is withdrawn in a small number of transactions early in the income period; and
- the consumer has payment delinquencies on essential utilities and services.

3. Making reasonable inquiries – the 'Fact Find'

3.1 What's required?

The first step in responsible lending is to make **reasonable inquiries** about the borrower's:

- (a) requirements and objectives; and
- (b) financial situation.

These inquiries **must be recorded**.

Requirements are matters relating to the features of the credit product (e.g. loan amount, interest, fees, repayments) and objectives are the ends the consumer wants to achieve (e.g. purchase an asset, consolidate debts). Both aspects are equally important.

These inquiries are usually made using a 'loan application form' or 'fact find' or by staff / our system asking further questions or for more information.

Staff must take care when asking further questions or for more information to ensure the request is not confusing or ambiguous to the borrower, or creates a risk that the answers do not reflect their actual position.



These inquiries can be made by third parties (such as brokers or distributors), but as a lender, we are ultimately responsible if any step in the responsible lending process is not conducted properly and honestly. If any inquiries are made by a third party on our behalf, we will ensure that appropriate checks are in place as set out in this policy.

We have adopted the process described in this policy. Discretion must not be used in a way that is inconsistent with responsible lending laws or guidance.

3.2 **Our fact find**

Our application form requires at least the following information:

- the loan amount and loan term;
- the loan purpose;
- the borrower's requirements and objectives (ie loan features / what borrower wants to achieve), including the relative importance of each and whether the borrower is willing to pay extra for particular loan features.
- the borrower's income, including indirect income sources, and employment status.
- whether there have been fluctuations in pay or benefits and if so why, and what is expected to happen;
- the borrower's living expenses. We also ask whether these expenses are shared with another person and whether the borrower is able and willing to reduce any of the expenses to afford the loan;
- the borrowers outgoings other than living expenses (e.g. loan repayments).
- the borrower's assets and liabilities;
- whether the borrower's financial situation is likely to materially change in the future, and if adversely, how the borrower will meet future repayments;
- if the loan purpose is a refinance or debt consolidation, why the borrower is looking to refinance their existing debts and the costs associated with the refinance;
- information about dependants.

3.3 **Borrower education**

It is imperative that borrowers understand what type of loan they are applying for, including the loan type and features. We will provide borrowers with information (either written or verbal) about our products, including repayment types, interest rate types and product features, and will inform borrowers of the pros and cons of each product feature to assist them to make an educated and informed decision about what product (if any) to apply for.

3.4 **Reasonable inquiries into the borrower's requirements and objectives**

We interpret 'requirements and objectives' to mean that we must ascertain how the loan proceeds will be used, the features the borrower is looking for, and how the loan product fits with the borrower's financial objectives. This is intrinsically linked to borrower education as set out above. Our application form contains prompts to assist borrowers to provide information about their loan purpose and the features they are looking for in their loan.

In some instances, a borrower's stated requirements and objectives may conflict with each other (for example, a borrower may express a desire to pay off their loan quickly by obtaining the cheapest loan possible, but may also say they want a loan with extra features such as offset, redraw, card access etc). In these instances, we will assist borrowers to prioritise their requirements by asking additional questions.



If we have a limited product range, we will ensure that we have a product that will meet the borrower's stated requirements and objectives, otherwise we will decline the loan.

Some examples of a borrower's requirements and objectives are as follows:

- the amount of credit needed or the maximum amount of credit sought;
- the time frame within which the borrower require the credit;
- the term of the credit required;
- the purpose for which the credit is sought and the benefit to the borrower;
- whether the borrower seeks particular product features or flexibility, the relative importance of different features to the borrower, and whether the borrower is prepared to accept any additional costs or risks associated with these features; and
- the borrower's ultimate financial goal

3.5 Borrower fraud

We must be alert about the possibility of borrower fraud.

Particular circumstances that may raise doubts about the reliability of information provided by a borrower include:

- (a) where there are obvious inconsistencies; and
- (b) where we receive applications through third-party intermediaries and have reason to believe that a particular third-party is supplying, or has supplied, false or altered information. ASIC is likely to make greater use of metrics when analysing compliance, and so we should have systems which identify problem areas.

We may still be liable for breach when relying on information provided by borrowers or third parties which is incorrect. As such, we need to make our own inquiries and verifications.

3.6 Family violence and elder abuse

We are aware that our obligation as a lender is to look out for and assist customers impacted by family violence and elder abuse.

AFCA's view (as set out in AFCA's approach document '*The AFCA Approach to joint facilities and family violence*') is as follows:

Where a financial firm becomes aware of family violence after the time of lending, we expect financial firms to proactively explore with their customer whether financial abuse was present at the time of lending, and if so, whether there was anything the financial firm could have done at the time to identify and prevent the abuse from occurring. An example might be if a customer requesting financial difficulty assistance discloses that they did not obtain any benefit from the loan. If there were warning signs at the time of lending which the financial firm missed, then we would expect the financial firm to take steps to rectify the issue, for example by agreeing to waive debt where appropriate.

The following are red flags for family violence and elder abuse.

The customer:



- is seen or heard to be taking instructions from another party;
- remains silent while another party does all the talking;
- appears fearful, unfocused or withdrawn;
- is agreeing to offer additional security or take on additional liabilities with no apparent benefit to them;
- does not understand or is unaware of recent transactions on an account, or loans or guarantees in their name;
- appears confused or reluctant to talk about the loan purpose;
- is not physically present during the loan process;
- expresses concern about their privacy and disclosure of information to a co-borrower;
- appears reluctant to involve a co-borrower when seeking assistance to repay a debt;
- mentions that an intervention order (or equivalent) is, or has recently been, in place;
- is agreeing to take on liability or provide security for an ex-partner.

If we identify these in the lending process, we will not approve a loan without making further inquiries, speak separately to the customer, and refer the customer to a professional service as needed.

If we review a customer's bank statements as part of the approval process we will also note any transactions that may indicate financial abuse such as low value transfers from a partner or abusive transaction descriptions.

We aim to assist customers experiencing family violence and elder abuse prior to a loan being made. As such we protect customer confidentiality and safety by:

- having systems in place to keep contact information confidential as necessary;
- not require a customer to make direct contact with an abuser;
- tell the customer about any information that does have to be shared with an abuser;
- call 000 if there is an immediate concern.

We also make it easier for the customer to communicate with us by:

- minimising how often the customer has to disclose information;
- provide consistency in speaking to the same staff member (where possible);
- refer a customer for help;
- work with the customer's representative or agent;
- provide an interpreter.



4. Verification of information

4.1 What's required?

The second step in responsible lending is to take **reasonable steps** to verify the borrower's financial situation. These steps may differ depending on the circumstances of each individual borrower.

4.2 Verifying income

For borrowers who identify as being pay-as-you-go (**PAYG**) employees, we will usually verify income by viewing recent payroll receipts/payslips/letters of employment. When a letter from the employer has been provided, we may confirm the details of the letter by phone in which case we endeavour to obtain the employer's phone number from an independent source.

We may also verify PAYG income by other sources such as bank statements.

If considered appropriate due to the borrower or product profile, multiple sources will be used to verify the borrower's financial information and additional information will be required in order for us to gain a clear understanding of a borrower's financial position.

For SACC borrowers who receive government benefits, we will always obtain a copy of, and consider, the borrower's:

- (a) income statement issued by Services Australia for the 21 days preceding the assessment; and
- (b) deduction statement issued by Services Australia for the 21 days preceding the assessment.

4.3 It may not always be practical for us to obtain original copies of the borrower's income statement and deduction statement issued by Services Australia. Rather, it is sufficient for us to obtain a photocopy or screen capture of the statements. Alternatively, we may also obtain a document from Services Australia that contains the information that would otherwise be in the income and deduction statements.

4.4 If the Borrower is applying for a SACC and holds (whether alone or jointly with another person) an account with an ADI into which the borrower's income is paid, we will take steps to obtain and consider the account statements that cover at least the immediately preceding period of 90 days.

It is important that unacceptable income sources are identified and not taken into account for the purposes of the assessment. Examples of unacceptable income sources include:

- (a) illegal activities;
- (a) gambling;
- (b) income tax refunds; and
- (c) board.

4.5 Verifying indirect income

If borrowers state that they receive financial assistance from another person (usually a family member), we will obtain:

- (a) confirmation from that person of their willingness to financially support the borrower and that the amounts paid to the borrower are a gift of financial support and are not a loan that needs to be repaid by the borrower; and
- (b) if appropriate, evidence of that person's income, assets and liabilities in a similar manner as we would if they were a borrower.



4.6 Verifying living expenses

We will compare the information collected against our internal benchmarks and also the income adjusted Household Expenditure Measure (**HEM**).

We do not use benchmarks as a replacement for making inquiries about a particular borrower's current income and expenses, nor as replacement for an assessment based on that borrower's verified income and expenses (which we have verified using bank statements that we have access to), but as a means of determining whether the expenses are plausible.

4.7 Verifying other expenses

For refinances, we will review information regarding the loans to be refinanced to ensure that the borrower is better off by taking out a loan with us. The improved situation need not be financial, and borrowers may elect to refinance for other perceived benefits. These benefits **must** be identified and recorded.

For all other loans and limits to remain after settlement, we will verify the amounts of these liabilities either by review of the statements associated with these liabilities, review of bank statements, or by any other reliable means.

4.8 Bank statements

When deemed appropriate due to borrower profile or product complexity, we will obtain copies of borrowers' bank statements from the last three months for all accounts where the borrower incurs expenses. This may mean we are reviewing multiple account statements, including credit cards.

When reviewing bank statements, we take note of the following and may take action to discuss with the borrower and determine any further action (which may include declining to make a loan):

- payments to other lenders or providers (including by now pay later providers) to ensure they align with the liabilities declared by the borrower;
- signs of existing financial hardship such as regular dishonours or the use of small amount lenders;
- any large, recurring payments;
- any material unexplained deposits (for example, contributions from family members or others sharing a household or expenses with the borrower);
- the amount spent on non-discretionary essential expenses such as utilities and the general trend of such expenses (eg are these expenses generally consistent, or is there an upward or downward trend in any expense);
- the volume of cash withdrawals, and in particular whether these withdrawals represent a significant amount of the borrower's income;
- indication of gambling or other addictive behaviours;
- general discretionary spending, including whether the borrower regularly adjusts this spending to accommodate additional fixed expenses;
- missing income cycles;
- recent credits indicating new loan liabilities that may not have repayments captured in the monthly debt calculation;
- government benefits as a primary source of income; and



- repayments present that indicate the borrower is engaged with debt consolidation agencies or other budgeting services; and
- the amount set aside for saving.

While we do look at the above, we do so reasonably and we do not conduct a line-by-line audit of the statements.

We may utilise data aggregation or screen scraping technology to categorise expenses. When we utilise such technology, we have satisfied ourselves that the technology is reliable and produces suitable outcomes. We also regularly audit any technology used.

4.9 **Making additional inquiries**

Our credit team has the skill and experience to recognise when we may need to make further inquiries of a borrower (and make a written record of the result of those inquiries).

As a guide, the following are some examples of when we will make further inquiries:

- (a) there are inconsistencies between the information provided by the borrower and our inquiries;
- (b) information provided is unusual or does not meet a common sense approach;
- (c) any of the borrower's requirements or objectives are unclear;
- (d) information indicates that the borrower may have difficulties understanding the credit contract;
- (e) the circumstances of the case make it appropriate (remember that the process of making inquiries is scalable);
- (f) there are issues regarding the stability of the borrower's income;
- (g) the borrower has only been in employment for short amounts of time;
- (h) the borrower's income is higher than would be expected for a person in that type of employment;
- (i) the borrower's assets are materially larger or smaller than would be expected given the circumstances of the case;
- (j) the credit report raises issues;
- (k) review of borrower bank statements shows any anomaly or indication of increasing debt position or expenses; and/or
- (l) any of our inquiries or verification reveals that the borrower may have any type of vulnerability (eg financial abuse, special medical needs, low level of education or financial literacy, addiction etc).

4.10 **Apportionment of expenses**

We will ensure we have appropriate information regarding shared outgoings.

4.11 **Repaying from capital**

In most cases, borrowers should be able to meet their payment obligations under a loan from income rather than equity in an asset.

4.12 **Foreseeable future changes**

Our application form asks borrowers to assess whether there are any foreseeable changes that may impact their ability to make repayments.



Borrowers are asked to provide further details to explain their response if they declare yes.

If obtaining further information is warranted, we will make further inquiries. For example, if any borrowers state that they will be relying on savings, we will inquire how much has been saved and what their saving plan is for the future. Similarly, if borrowers are planning on selling an asset, we may inquire regarding the asset. Any plan to reduce expenses must be reasonable and documented.

When appropriate, we will ask borrowers for any documents to verify the reasons provided.

4.13 **Verifying other expenses**

If the borrower is seeking to refinance an existing loan, we will ask the borrower to advise their reasons for refinancing. These may include:

- repayment reduction (but this reason must be balanced against any additional interest incurred because of the repayment reduction) ;
- interest rate reduction;
- consolidate finance;
- specific product features;
- convenience/flexibility;
- quality of service; and/or
- other (the borrower must specify the reason).

We will review the borrower's reasons for refinancing to ensure that they are better off by taking out a loan with us.

The improved situation need not be financial, and borrowers may elect to refinance for other perceived benefits. These benefits **must** be identified and recorded.

In some instances, we may need to make further inquiries. For example, if the borrower has selected 'better rate' but the statements show that the rate is lower than our rate, then further inquiries must be made and documented.

4.14 **Credit limit increases**

An application to borrow additional funds are treated largely the same as an application for a new credit contract in terms of assessment and verification. The borrower is asked the amount of the increase they require. The conduct of the existing loan will be relevant.

4.15 **Offering a credit limit lower than that applied for**

If we cannot offer the borrower the amount of credit that they have requested for any reason, we may offer to approve a lower amount so long as that lower amount still meets the borrower's requirement and objectives and the borrower will be able to service the lower amount.

5. **Making the assessment**

5.1 **What's required?**

The fourth step in responsible lending is to make an assessment that the loan is 'not unsuitable'.

A loan will be unsuitable if:

- (a) the loan does not meet the borrower's requirements or objectives; or



- (b) the borrower will be unable to meet the repayments at all; or
- (c) the borrower will be unable to meet the repayments without experiencing substantial hardship.

The assessment must be made in writing (can be electronic) and must state the period for which it applies. The maximum period is 90 days. This means that the credit contract must be entered, or the principal increase made, within the period for which the assessment applies. Note that, for new loans, the contract date is relevant, but for principal increases, the day the money is advanced is relevant.

5.2 **Serviceability calculator**

We will determine the borrower's capacity to repay the loan using a serviceability calculator. The serviceability calculator works by calculating how much the borrower's income will exceed the borrower's expenses after settlement of the loan.

We do not apply variable interest to any of our loans. Accordingly, we do not apply a 'buffer' to any serviceability calculations.

5.3 **Assessing substantial hardship**

The borrower must only be placed into a credit contract that they can afford to repay without experiencing substantial hardship.

Selling principal place of residence

Substantial hardship is not defined in the NCCP Act, but if a borrower can only repay a loan by selling their principal place of residence, it is presumed that the loan will cause substantial hardship unless the contrary is proved. This presumption will not apply if the borrower has to sell other assets, for example an investment property. However, generally loans should be repaid from income not asset sales.

Reducing expenses

Borrowers will need to reduce expenses in order to afford a new liability at many times.

We understand that, if borrowers must reduce expenses to an unacceptable level, or must reduce or eliminate an expense they are not willing to forego, the loan may not meet borrowers' requirements and objectives.

5.4 **Contracts unsuitable for SACC borrowers**

There are certain circumstances under which a SACC will automatically be considered unsuitable for a borrower, and the application will be denied.

Identifiable amount of credit

A SACC will be considered unsuitable in circumstances where the requirements and objectives of a borrower are to receive an identifiable amount of credit, and the SACC is a part of an arrangement by which the identifiable amount of credit is provided by:

- (a) two or more SACCs;
- (b) two or more MACCs; or
- (c) a combination of SACCs and MACCs; and
- (d) the annual cost rate under the combination of credit contracts exceeds 48%.

Income requirements

A SACC will be considered unsuitable if the amount of the repayment and any other amount the borrower will be required to pay during the repayment period is more than 10% of the available income the borrower is reasonably expected to receive during the repayment period.



5.5 Providing a copy of the assessment

We must give the borrower a copy of the assessment if requested within seven years of the date the credit contract is entered into or the principal increased (the **Credit Date**). The request can be made either before the credit is provided or within seven years after the Credit Date. The copy need only be given if the loan is provided or the principal increased.

The copy of the assessment must be given within:

- (a) seven business days if the request is made within two years of the Credit Date; or
- (b) otherwise 21 business days; and
- (c) will follow the outline set out in Appendix 2 of RG 209.

6. Notice of decline

As part of our obligations under the *Privacy Act 1988* (Cth) (the **Privacy Act**), if a credit contract is unsuitable, and a credit reporting body (**CRB**) credit report has been obtained, we will provide a notice to borrowers:

- (a) irrespective of when a credit report is received, if we refuse consumer credit wholly or partly based on a credit report received from a CRB (section 21P Privacy Act); and
- (b) irrespective of whether consumer credit was refused wholly or partly because of information in a credit report, if credit is refused within 90 days of receiving a credit report (per paragraph 16.3 of the Credit Reporting Code).

7. Record keeping

Prior to making a loan, we will endeavour to provide borrowers with a written record of any material assumptions we have made and why we think the product meets their requirements and objectives and ask them to contact us urgently if they do not agree with this information.

We will keep a record of all material that forms the basis of a suitability assessment in a form that will enable us to give the borrower a written copy of the assessment promptly, if the borrower requests one. It is essential that our system records the steps we have taken and makes notes about how any flags were resolved.

Version: 1.0

Effective Date: 23rd November 2025

Next Review Due: 23rd November 2026

Approved By: Managing Director

Policy Owner: Head of Compliance

Australian Credit Licence: 388143