

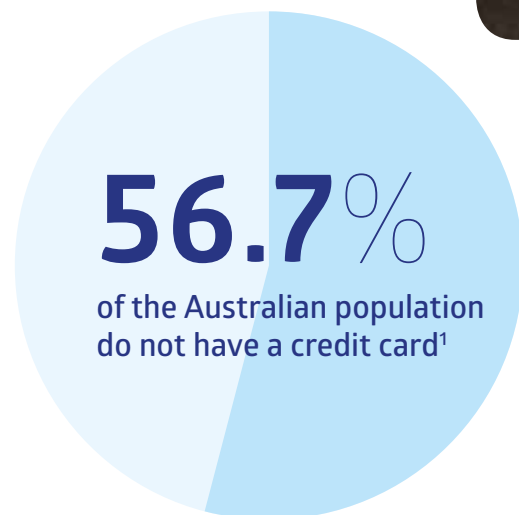
Addressing Financial Exclusion

Thorn received its Australian Credit Licence under the National Consumer Credit Protection legislation in 2010, making it one of the first financial service providers in Australia to be licensed. A key element of Thorn gaining its license was having a Responsible Lending Policy under which Thorn seeks to ensure customers are treated fairly and provided access to goods and services that meet their needs and budget. Within Thorn's policy are hardship provisions which are intended to help customers cope with unforeseen circumstances.

A large component of Thorn's consumer customer base comprises Australians who are excluded from the financial mainstream and it has become increasingly apparent that this is a substantial group:

- 16.9 per cent of the Australian population, or just over 3 million people, are either fully or severely financially excluded
- 42.9 per cent of the Australian population, or 7.7 million people, are marginally financially excluded
- 56.7 per cent of the Australian population, or over 10 million people, do not have a credit card¹

There are many reasons for financial exclusion but it is because of this situation that Thorn has developed its "fair go" policy, enabling people to have access to household goods when there are few alternatives.





The 'Mum Test'

A feature of how Thorn operates when dealing with customers is to apply what we call the 'Mum test'. This means staff are encouraged to treat customers 'as if they were your mum' and do whatever is reasonable to assist them. We do this to ensure customers get a 'fair go', particularly people who may have encountered difficulties in their lives.

Hardship Policy

Thorn also has a hardship policy in place enabling customers to extend the balance of their contract at a lower payment without any charges or penalties. This was recently used for one of our long standing customers in Victoria who was not only battling health issues but had also lost her home due to a fire. Under the hardship policy, Radio Rentals cleared her account, replaced the items she had lost and ensured she would no longer have to make any payments.

Centrepay

Some of Thorn's customers, who receive income from government benefits, are eligible to meet their commitments through Centrepay, an automated method of payment managed by the Federal Government to enable people to pay regular living expenses from their Centrelink payments.

Using this system is a choice by customers and because it is free to them, it avoids costs associated with bank direct debit systems.

In relation to Thorn's consumer rental business, the operation of Centrepay is merely as a payment mechanism nominated by customers and since there are alternative automated payment methods available, the operation of Centrepay is not material to Thorn's ongoing business model.

However, Thorn is also aware that consumer rental is an important financing alternative for those Australians excluded from the financial mainstream. Thorn's customer research indicates that consumer rental is a service many people need at a time when they do not have alternatives and Thorn is proud to have this sentiment underlining its work.



¹ Connolly C, *Measuring Financial Exclusion in Australia*, Centre for Social Impact (CSI) – University of New South Wales, 2014, for National Australia Bank.

² Buduls A, *Report of the Independent Review of Centrepay*, June 2013, p 6