

CONSUMER DUTY OUTCOMES

In a lending market, the target market will be defined by both the customer needs (at origination and ongoing) and the affordability of the lending to meet those needs. Therefore, the target market characteristics below reference both these elements. For affordability of lending, this is determined by a number of willingness and ability criteria which our creditworthiness and affordability checks will aggregate to get a full picture of a customer's ability to afford the loan. Hence, the lending target market characteristics (expense stability, income stability and credit history) we outline below are viewed in aggregate, rather than as standalone criteria.

Target Market Characteristic	Target Market Description
Income Stability	<ul style="list-style-type: none"> • Customers on higher incomes tend to be more resilient and better able to handle unforeseen circumstances. • However, customers with stable incomes below this amount can maintain affordable repayments. • In addition, customers with high incomes (>£150k) typically don't need car finance, although there are exceptions. • Therefore, Zopa's loan customers typically have an income ~£30k-£50k/annum compared to the UK average of 33K.
Credit History	<ul style="list-style-type: none"> • Zopa targets the more prime area of the market for our car finance products where customers have a healthy relationship with credit. • Therefore, our customers have very little (if any) negative marks. These customers do tend to have slightly more debt but a good track history of repayments.
Expenses Stability	<ul style="list-style-type: none"> • For our car finance products, Zopa focuses on customers with a more stable and predictable financial situation. • A key indicator of this in the UK is whether someone is a homeowner. Therefore, around 75% of our customers are UK residents that own their own house. The remaining population are stable renters
Channel preference	<ul style="list-style-type: none"> • Customers are acquired at the Point of Sale (Dealerships) directly and via credit brokers. Zopa also facilitates loan applications through digital channels, including aggregators, online advertising, & organic.

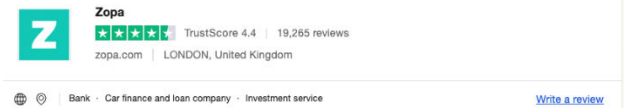
Consideration preference	<ul style="list-style-type: none"> • Zopa transacts with established brokers and dealers where customers have a lot of choice available to them. We believe this choice provides the best outcome for customers. • A significant portion of Zopa’s loan sales originate from brokers where customers can review options and choose the best deal for them. • Zopa provides potential customers with a personalised pre-approved rate without impacting their credit score. This provides customers with more certainty before applying.
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FAIR VALUE ASSESSMENT

We aim to lend to customers for whom it is affordable at the time of borrowing, and where the lending is clearly explained and not likely to cause direct financial detriment.

Our car finance products are built and delivered to meet our customer promises:

Customer Promise	Zopa Description	How Auto Delivers on Zopa Customer Promises
Simplicity	Our product is simple and easy to use, our words are clear, jargon free and easy to understand.	<ul style="list-style-type: none"> • Customers are provided with a personalised loan rate in seconds • >99% of these personalised rates are pre-approved so customers are confident they won’t be later declined due to credit history • We auto approve 70% of customers who then go on to apply for a loan with us. The rest pass through a simple journey to provide further documents so that we can verify the information they provided.
Fairness	Our product and service are fair and not stacked in favour of new customers over loyal ones. We are clear on product pricing and terms up front. We have helpful humans standing by to provide support for life’s bumps in the road.	<ul style="list-style-type: none"> • Checking our loan rates does not impact a customer’s credit score • We work with introducers who promote the use of pre-approval and guaranteed rates

		<ul style="list-style-type: none"> There are no introductory offers only for new customers
Value	Our product and service offer fair market value for individual consumer needs.	<ul style="list-style-type: none"> Zopa targets a well-served market where brokers have a high number of lenders available to customers When similar products are available, brokers will select the lender with the lowest APR within the loans vertical.
Origination/Service experience	Our product provides a hybrid digital experience for our customers from origination to on-going servicing but with easy and quick access to humans whenever needed.	<ul style="list-style-type: none"> Our online application journey only takes a few minutes to complete. Once loans are disbursed, Zopa provides self-serve options for customers to manage their loan through our web and app
Trustworthy Brand	Even if a customer hasn't heard of us, a quick search shows a good level of service and sound products	<ul style="list-style-type: none"> https://uk.trustpilot.com/search?query=zopa 

HEADLINE OUTCOME METRICS

Headline metrics focus on the ultimate customer outcome (both positive and negative). These metrics will be reported within RMC with escalation to the board where appropriate.

Headline Outcome	Headline Outcome Metric
Affordable repayments	% of original customers defaulted in first 24 months
Meet expectations on terms	NPS at acquisition (7 days post origination)
	NPS for active customer > 3 months tenure (measure of ongoing advocacy)
Informed choices	NPS in collections
	Collections Plan Kept Rate

Prevent material inconvenience or detriment	Fraud rate (number of people impacted by impersonation fraud)
	Number of customer impacting L1/L2 risk events

DETAIL OF LEADING INDICATORS

Leading indicators are monitored and reviewed monthly. These metrics are designed to highlight trends that may lead to poor outcomes, or a reduction in positive outcomes, if left unchecked.

Headline Outcome	Supporting Outcome	Leading Indicators
Affordable repayments	Ensure customers have affordable repayments at acquisition	% Disposable Income < threshold
		% New originations in marginal risk segments
		% New originations in layered risk segments
		% Homeowner
	Ensure customers have ongoing affordable repayments	Delinquency rate (portfolio level)
		Delinquency rate (new originations)
		Portfolio Expected net losses (next 12 months)
		Payment plan rate
Meet expectations on terms	Meet expectations at acquisition covering: <ul style="list-style-type: none"> Reviewing offers 	Application cancellation rate

	<ul style="list-style-type: none"> • Applying to Zopa • Meeting KYC requirements • Reviewing terms • Signing contracts • Disbursal of funds 	Customer dissatisfaction rate
		Referral response speed
		Decline rate after pre-approval
		Approval > Disbursal speed (distribution of time taken between an application being "approved" and the funds being sent to the customer)
		Cancellation rate (% of new customers exercising their right to withdraw within 14 days)
	<p>Meet expectations throughout life of loan covering:</p> <ul style="list-style-type: none"> • Paying • Settling • Collections • Complaints • Managing vulnerable customers 	Customer dissatisfaction rate
		Repayment failure rate
		Post-loan engagement rate
		Settlement rate for customers with no issue
		Multi-product rate
Informed choices	<p>Customers understand the product and the options available to them across the lifecycle:</p> <ul style="list-style-type: none"> • Originations • Account management • Collections • Managing vulnerable customers 	Marketing permissions opt-in rate
		Vulnerable customers
		Payment plan rate
		Payment plan kept rate
		Breathing hold rate
		Contact rate in collections
		Contact plan conversion rate
Complaints		
Prevent material inconvenience or detriment	<p>Preventing material inconvenience or detriment through journey failing or falling outside of expectations.</p>	Number of risk events
		Complaints

		Number of fraud cases
		Average goodwill gesture per open account