

INNOVATION EXCELLENCE

IN THIS REPORT:

We highlight four outstanding products from the banking and insurance sectors that show true innovation in their fields. These products deserve due recognition for the creative way in which they benefit consumers.

We're a nation of innovators

Innovation is alive and well in the land of the long white cloud. According to the *Business Operation Survey 2013*, 46% of business innovated in 2013, a healthy rate that shows New Zealand is definitely a global competitor.

It's interesting to note, however, that across the pond, our Aussie neighbours aren't on quite such fine form.

The New Zealand Innovation Council has revealed the gap in business confidence between Australia and New Zealand continues to expand, which could point to a slight dearth of innovation. Only 36% of Australian businesses feel optimistic about the country's economy over the next year, compared to a healthy 88% here.

Statistics* show that New Zealand's most innovative industry is Information media and telecommunications (a fact we share with Australia) and Financial and insurance services also feature high in the table. Agriculture, forestry and fishing is the sector with the least innovation (28%).

impressive \$50,196,009, which works out to be around \$70 per employee and \$2,995 per business.

The government is showing a commitment to innovation, with the Science and Innovation Minister Steven Joyce, along with Maori Affairs Minister Dr Pita Sharples, announcing at the beginning of April that \$5 million will be invested in developing the science and innovation potential of Maori people, resources and knowledge.

Innovations developed by New Zealand businesses have been impressing the CANSTAR team since the launch of the Innovation Excellence Awards in 2011. Over that time we have seen financial literacy initiatives, fraud-countering measures and health initiatives that were all market-leading programs, as well as sector-specific deposit and loan products that perfectly targeted the needs of their market.

Some innovations – such as Bank of New Zealand’s YouMoney, launched last year – harnessed cutting-edge technology and have broad application. Others – such as ASB’s new Rural Environmental Compliance Loan – are grassroots projects with a specific focus.

* Statistics New Zealand, www.stats.govt.nz



Profitability of innovators for 2013 sits at an

How do we reach our conclusions?

To be described as “innovative”, we feel a product or service should be a first and perhaps open up a new market.

We assess both the degree of innovation and the overall impact the product could have. In terms of degree, we consider whether there are any other similar products available, ways in which the entry is different to existing products, whether it is a “first” in New Zealand and whether it opens up any new markets.

We also assess the potential significance of impacts to the existing market in terms of competition.

And, of course, something that's truly innovative can't help but have that "wow" factor.

In terms of overall impact, we consider the number of people who can benefit from the innovation, the ease and expense of application, and the potential to change people's lives.

INNOVATION EXCELLENCE – FINANCIAL SERVICES

(Products listed here in alphabetical order)



Innovation Excellence



Rural Environmental Compliance Loan

What is the product?

A special loan designed to provide a low-cost funding option to assist farmers who are looking to upgrade their environmental compliance systems.

ASB developed the Rural Environmental Compliance Loan in response to customer feedback. New Zealand farmers are doing their best to ensure their farms are operating to the highest environmental standards, but the reality is that there can be considerable costs associated with upgrading systems, such as the fencing of waterways, which are all part of operating an environmentally responsible farm.

The project was not designed to financially benefit ASB and as such the loan is competitively priced at ASB's cost of funding, meaning no additional customer margin is passed on – making it a cost-effective way for farmers to improve their environmental sustainability.

The only loan of its type in New Zealand (though ANZ has since launched a similar



“
The loan is competitively priced ... no additional customer margin is passed on
”

product), ASB's Rural Environmental Compliance Loan demonstrates commitment to the long-term future and sustainability of farming in New Zealand.

From an industry perspective, the loan has aided positive conversations about farming and its place in New Zealand's economy, which will lead to a greater understanding of the impact the agricultural sector has on the country as a whole.

Standout features

- A loan designed to assist New Zealand's farmers in their efforts to “go green”, by providing a low-cost option for farmers looking to upgrade environmental compliance.

- The costs are kept low due to the fact that the project was not designed to financially benefit ASB – funding is

provided at an interest rate of 3.8%* on loans of up to \$200,000.

- The long-term idea behind offering the loan, according to ASB, is to “create a domino effect whereby our farmers can cost-effectively comply with local councils and work on ensuring the future sustainability of their land” while also

focusing on “productivity, supplying more food to the world market, which in turn leads to a flourishing industry, creating more jobs and strengthening the overall economy”.

* Rate as at January 31, 2014.
Rates are subject to change.

CANSTAR's verdict ...

A loan at the cost of the lending rate (i.e. not a revenue generator for the bank) to assist with rural environmental compliance needs seems to be a very positive innovation for both the environment and New Zealand's farming community.

As the loans being offered by the bank can be up to \$200,000, there is the potential for farmers to save a great deal of money, in what seems to be a very altruistic (and 'green') initiative.

www.asb.co.nz | 0800 272 055



INNOVATION EXCELLENCE – FINANCIAL SERVICES



Innovation Excellence



PayClip™

What is the product?

PayClip is a mobile payment solution that allows small businesses to accept MasterCard and Visa debit and credit card payments on the spot using their smartphone or tablet without having to manually enter data – effectively turning a handheld device into a portable till.

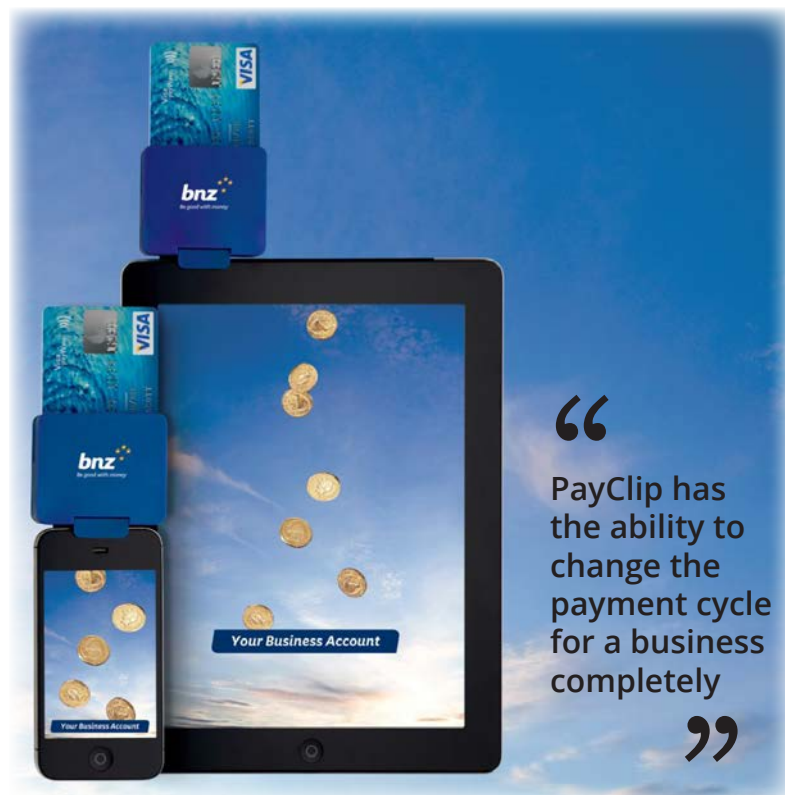
This clever little gadget enables businesses to manage their cashflow, as they don't have to wait for their invoices to be paid and can access payments made straight into their BNZ account as early as the next business day.

Available for iPhone and most Android smartphones, users clip PayClip on to their mobile device, log in to the PayClip application, enter the amount that needs to be paid, confirm, and then insert the customer's card into the PayClip device.

The customer then signs their name, which is verified against the signature on the back of the card. The transaction is then complete and an email or text receipt can be sent to the customer.

The transaction is encrypted so users and their customers can rest assured the payment is secure.

PayClip is ideal for small businesses, particularly those who are mobile. There is a monthly fee of \$10 per device and a Merchant Service Fee of 3.25%. The device, once charged, will process about 2,500 transactions.



Standout features

- A small mobile payment solution with no need for manual data entry.
- The product's lightweight structure enables ease-of-use for a huge section of the business community (particularly small to medium enterprises (SMEs)).
- The fact that the PayClip is inserted into the mobile device means that security risks are lowered.
- Additional features and functionality can be added to the application as they are introduced.
- The product is available for use on iPhones and most Android phones and devices.
- Businesses are able to manage their cashflow easier, as payments are made straight into their BNZ account.

CANSTAR's verdict ...

The fact that the PayClip is able to be inserted into mobile devices is excellent, given that this ensures higher levels of security.

their bills, and having to chase people up, this product could significantly change the business processes of many.

Considerably smaller than a portable eftpos machine, this would seem to be a great innovation.

As many tradesmen report problems with customers paying

www.bnz.co.nz | 0800 269 763



INNOVATION EXCELLENCE – FINANCIAL SERVICES



Innovation Excellence



Home Hunter app

What is the product?

Home Hunter is a mobile app that will enable any New Zealander to find a house, get the estimated sale price and apply for pre-approval in minutes – from their smartphone, tablet or computer.

Users can search homes by area, price range, and number of bedrooms or bathrooms. They can see useful information about each home, including floor and land area, location on a map, open home times and property description.

Once you've applied for pre-approval, a Kiwibank Home Loans expert will be in contact to add the human factor to the customer experience.

As the bank's strategic lending onboarding platform, Home Hunter is fully integrated into Kiwibank's back-end systems, providing efficiency for the bank as well as a streamlined experience for the customer.



“

Users can see useful information about each home, including floor and land area, location on a map, open home times and property description

”

Standout features

- Search properties by area, price range or number of bedrooms and bathrooms.
- Once you've found a property, learn all about it, from its land area and precise location to its open home times.
- If you've fallen in love with the property, apply immediately for a home loan pre-

approval through the Home Hunter app; it only takes five minutes.

- Once pre-approved, house hunt armed with extra information such as Kiwibank's estimated price alongside the RV and seller's asking price, and see which houses get the Kiwibank green tick. A home loans expert will also be in touch.

- Extra tools that come with the app include...

- i) Sun Finder – By pointing your phone camera at the sky, you can find out how much sun a property gets at different times of the year.
- ii) Around Me – Learn which homes are for sale around the exact spot on which you're standing.

CANSTAR's verdict ...

A property-buying tool that provides not only insights into the local area but you can also obtain loan pre-approval and pre-approved property valuations as well as make use of the nifty tools that come with the app, such as the dynamic sun

dial feature, when you're inspecting the property. Though other similar tools are available on the market, we felt that the addition of possible pre-approval, as well as the added extras, lent an extra layer to this innovative product.

www.kiwibank.co.nz | 0800 11 33 55



INNOVATION EXCELLENCE – FINANCIAL SERVICES



Innovation Excellence



Westpac's Symphony

What is the product?

A dynamic banking communications framework and platform, Symphony comprises a sophisticated near real-time decision engine that drives an omni-channel customer experience across all banking channels, with each online interaction linking to the next.

The tool combines underlying message analytics with marketing asset creation and management, essentially capturing interactions and responses. This provides insightful two-way dialogue through the core channels of the bank's ATMs, email, SMS, direct mail, online banking, mobile banking and direct communication with frontline teams (branch and call centre staff).

A special "dashboard", unique to every single bank customer, is then able to tell bank staff exactly what communications and interactions the customer has had with the bank over the previous 30 days.

The system helps extend the functionality of ATMs, so that customers are able to perform such actions as extending a credit card limit or even applying for a home loan on the spot.

Symphony is also being incorporated into the bank's smartwatch and Google Glass trials.



Standout features

- Every Westpac customer has a personalised page on the system, updated every time that person interacts in some way with the bank – from withdrawing cash to complaining.
- Customers can perform various different tasks through channels they were unable to use before, i.e. someone could apply for a home loan via an ATM, be conditionally approved within 60 seconds, and receive a call back from a home loan specialist at their local branch to

discuss the house-buying process within the space of two hours.

- Customers are only ever "one click away from a human being".
- Customers receive relevant, personalised advice.
- Symphony is 100% automated with data being refreshed continuously.

“

It enables us to provide more personalised, deeper, proactive interactions with customers

”

CANSTAR's verdict ...

Westpac's Symphony system helps to streamline the customer service process, by creating a system that uses message relevance tools to generate the best response for the customer.

Customers are then contacted within 24 hours by their preferred method of communication.

This initiative allows Westpac to better understand the relationship between the bank and its customers.

In the world of banking, where communication can become frustrating for some, this system assists with future conversations and increases engagement between customers and staff at the bank, which can only be a good thing.

www.westpac.co.nz | 0800 400 600





COPYRIGHT

© CANSTAR New Zealand Limited (3225469), 2008-2013. The recipient must not reproduce or transmit to third parties the whole or any part of this work, whether attributed to CANSTAR or not, unless with prior written permission from CANSTAR, which if provided, may be provided on conditions.

DISCLAIMER

To the extent that any CANSTAR data, ratings or commentary constitutes general advice, this advice has been prepared by CANSTAR New Zealand Limited (3225469) FSP 200146 and does not take into account your individual investment objectives, financial circumstances or needs. Information provided does not constitute financial, taxation or other professional advice and should not be relied upon as such. CANSTAR recommends that, before you make any financial decision, you seek professional advice from a suitably qualified adviser. A Product Disclosure Statement relating to the product should also be obtained and considered before making any decision about whether to acquire the product. CANSTAR acknowledges that past performance is not a reliable indicator of future performance.

CANSTAR Innovation Excellence – Methodology



		Examples: (When products are first introduced)		
		ATM	iPOD	Toyota PRIUS
Degree of innovation 60%	How different/ is it unique? 45%	<ul style="list-style-type: none"> Is there any product with a similar key feature? How is this different to currently available products? First in New Zealand/the world? Does it open up a new market? 	✓✓✓✓✓	✓✓✓
	How disruptive? 30%	<ul style="list-style-type: none"> How significant is the impact to existing market/competitors/technology? 	✓✓✓✓✓	✓✓
	'Wow' factor? 25%	<ul style="list-style-type: none"> Does it give you the 'wow' factor? Why? 	✓✓✓✓✓	✓✓
Impact 40%	Breadth 60%	<ul style="list-style-type: none"> How many people are affected? Is it easy to understand and adapt? Is it affordable? 	✓✓✓✓✓	✓✓
	Depth 40%	<ul style="list-style-type: none"> To what extent could it 'change people's lives'? 	✓✓✓✓✓	✓✓