

NEW ZEALAND'S
2015
INNOVATION
EXCELLENCE



Innovation Excellence

March 2015



In this report we highlight two outstanding products from the banking sector that show true innovation in their fields. These products deserve due recognition for the creative way in which they benefit customers.

BUILDING IT BETTER

Innovation is everywhere. The process of creating something new or improved continues to make our lives easier, enhance productivity, improve our health, entertain us and broaden our ability to communicate and connect on a global scale. Virtually every improvement in our quality of living over the past century can be traced back to innovation at some level.

While it is a rallying point for smart thinkers, entrepreneurs and the creative amongst us, innovation is a hungry beast and continues to demand new and better ways of going about our daily lives.

Kiwis have done more than their share of heavy lifting in the area of innovation – think Arthur Lydiard, inventor of jogging, or Dr Keith Alexander, inventor of the spring-less and safe trampoline, now found in backyards all over the world.

In the area of banking, innovation is just as impressive, making clever, user-friendly inroads that we believe deserve recognition. That's why we award accolades for innovation excellence in this field every year. This time around, we chose two outstanding products from 16 submissions – Westpac's Augmented Reality Banking and ASB PayTag.

How do we reach our conclusions?

To be described as 'innovative', we believe 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.



ASB – PAYTAG

What is the product?

Using your phone to make contactless payment transactions is not a new idea. ASB PayTag, however, takes the technology to a whole new level. For those who are not familiar with the concept, ASB PayTag is a Visa payWave sticker that attaches to the back of a mobile phone and can be used in a similar way to existing Visa credit and debit cards to make contactless transactions at the point of sale. With PayTag you simply hold your phone over the contactless terminal at participating stores and wait for confirmation that the payment has been approved.

The big difference, however, is security. The function on your phone can be turned on or off through the customer's ASB mobile app or through FastNet Classic online banking. So if you're not using PayTag, no-one else can either if you turn it off.

Another handy feature of PayTag is that you can easily switch between your accounts whenever it suits you. This is done through the app or online banking.

PayTag allows you to spend under \$80 per transaction without the need for a PIN or signature. If the sale is over \$80, you will need to enter your PIN for an additional layer of security.

Since launched in April last year, over 15,000 ASB PayTags have been issued. When ASB advised targeted customers of this new facility, 45% started using the product, proving the appeal of a contactless payment feature that gives the customer control over its use and choice of accounts and cards.

Standout features

- Customers can apply for an ASB PayTag online through ASB Fastnet Classic on line banking. Once the card arrives in the post, it is activated online. PayTag has an initial one-off fee of \$5 which is being waived for a limited time. There are no ongoing costs.
- Waving your phone over the contactless terminal is the ultimate way to pay, particularly for smaller items like a coffee.
- You can choose which account to use for payment at any time, even while standing at the payment terminal.
- You can choose when to turn the contactless payment off, as well as on.
- ASB PayTag is compatible with the ASB Mobile app across all major operating systems including Apple, iOS, Android and Windows.



CANSTAR's verdict ...

We like the way ASB has thought deeply about how customers can use the convenience of contactless payment technology via their phone without compromising on security. The fact that you can turn the facility off when you're not using it and on again in a flash adds a level of security that gives peace of mind. The ability to change payment accounts quickly and easily at any time is another feature that impressed.

www.asb.co.nz/paytag / 0800 803 804



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WESTPAC – AUGMENTED REALITY BANKING

What is the product?

Augmented reality, or AR, is well known to gamers but completely new to the banking sector. Traditionally conservative, the banking industry is charting new territory led by true innovators like Westpac New Zealand.

In a global first, Westpac has created an app that uses augmented reality to give its customers 3D imagery to deliver real time account information and insight in a visual and interactive way – simply by placing their card underneath their phone camera.

Westpac customers can now check their credit and debit card balances, see their last 5 transactions and spend locations, categorise spending over a 5 week period, be reminded when payments are due, even check their hotpoints balance.

The downloadable App is available free to all Westpac customers who use iPhones. It requires a one-time set up using online banking credentials. From this point their cards are automatically uploaded from their online profile. The customer then simply holds their credit or debit card in front of the phone's camera when the app is open.

Westpac's Augmented Reality Banking app is a great example of using dynamic technology to connect customers quickly and easily to their data in a far more personalised, meaningful and interactive way.

Standout features

- Uses online banking data once only to pre-populate and personalise AR app.
- Will only use relevant cards registered for online banking to show in app.
- Simplicity is the biggest benefit. Westpac customers using this app can access meaningful and personalised spend and account insight brought to life in a visual and interactive way – no need to long in or toggle through webpages – they can simply open the app and put the bank card under the phone camera to activate.
- Coming soon ... use the app to find the closest Westpac NZ branch or ATM. Use your phone and app as a compass to find an international ATM. For house hunters, point your phone at a house and it will tell you its estimated value, likely monthly mortgage repayments and you can start the mortgage approval process with the tap of a phone.

CANSTAR's verdict ...

In excess of 50% of bank customers who log into their online or mobile banking accounts want more insight into their everyday banking. This product delivers in a quick yet engaging way, using state-of-the-art 3D technology. It's a free app that builds on our ever-increasing penchant for living our lives through our mobile phones. Quite frankly, there is nothing in the world like Westpac's Augmented Reality Banking.

www.westpac.co.nz / 0800 400 600



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CANSTAR caught up with both innovation award winners for a little more insight into the development of the respective products

ASB



Q: Has PayTag been well received by your customers?

A: We have had in excess of 15,000 customers take up PayTag, with roughly an equal split between the debit and credit option.

Q: What is it about the PayTag that customers particular like?

A: Ease of use, secure control and compatibility with iOS, Android & Windows Phone platforms. Portability across devices is also a big plus. We have heard numerous stories of individuals leaving their physical wallets or cash at home and having PayTag as a convenient contingency option has proven a life saver for them.

Q: A feature that our Researchers particularly liked was the ability to switch between accounts and the ability to switch it on and off via the app. Where did the idea for these features come from?

A: ASB has been heading down the path of Customer Initiated Controls within the ASB Mobile Banking app for a while and a lot of internal testing prior to public launch provided feedback from users suggesting this could be a popular feature. There were also some customers we perceived to be less confident with NFC payment technology and may have had some concerns around 'tap and go', so giving them full control to switch the PayTag off before they go on holiday or simply activate before they make a purchase seemed like a good idea.

Q: Do you know what types of transactions customers typically use PayTag for?

A: The top 4 merchant categories are Groceries, Fast Food, Eating Places and Service Stations.



Q: You commented in the submission that 50% of customers who log in to online and mobile banking want more insight into their everyday banking. What types of insights are they wanting?

A: Measuring and analysing customer behaviour is important to Westpac and by doing so it allows us to deliver faster, easier and more personalised insight to our customers. Simple questions like: “What is my balance?”, “How much have I spent this month and on what?”, “Can I afford this purchase?” and “How much could I save?” are questions customers are constantly asking. Customers are using mobile devices to check their bank account balances at least once a day. We’ve seen a 25% increase in online activity through solutions like Augmented Reality, Quick Balance widgets, balances on smart watch, as well as integrating Moven’s money management tools.

Q: Why 3D imagery? Do people better engage with information when it’s 3D?

A: In actual fact, reality is 3D so the beauty of Augmented Reality is how it can overlay information over real world items. By making the graphics 3D we’ve allowed the information to move dynamically with the 3D card it is connected to. It also makes the app a little more fun and engaging as the graphic moves - allowing you to see the information from different angles.

Q: Has the Augmented Reality Banking app been popular?

A: When we launched the app we had a significant amount of media attention and this led to a surge in downloads. The feedback we’ve had from customers, as well as industry commentators, has generally been positive, but it’s early days for Augmented Reality in banking and we’re taking the initiative to test the market with some new innovative tools. We’ll continue to evolve our ideas, but at this stage we’re committed to AR having a role to play in our wider digital strategy.

Q: Can you share any future developments you may be considering?

A: There is a lot of opportunity - from helping customers locate ATMs to how Augmented Reality can play a role when customers are looking to make purchases. This could be when shopping overseas, it automatically converts the cost of an item to \$NZ and at the same time tells you your active credit card balance so you see if you can afford it. Equally you can point the app at a house that’s for sale and not only will it tell you the estimated price and more detailed property information, but also allow you to get conditional approval for a home loan for the value that you may need.

CANSTAR congratulates both ASB and Westpac for taking out the well-deserved Innovation Excellent award.

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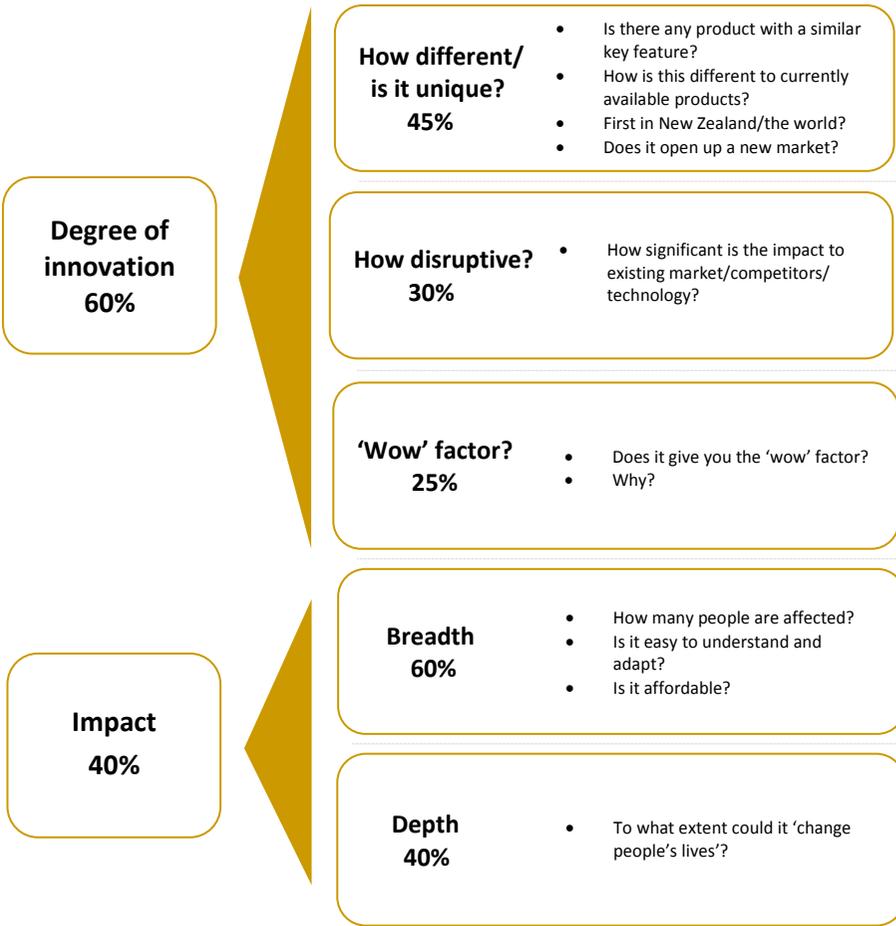
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CANSTAR Innovation Excellence – Methodology



Examples: (When products are first introduced)

	ATM	iPOD	Toyota PRIUS
How different/ is it unique? 45%	✓✓✓✓✓	✓✓✓	✓✓✓
How disruptive? 30%	✓✓✓✓	✓✓✓✓✓	✓✓
'Wow' factor? 25%	✓✓✓✓	✓✓✓✓✓	✓✓
Breadth 60%	✓✓✓	✓✓✓✓✓	✓✓
Depth 40%	✓✓✓✓	✓✓✓✓	✓✓