



METHODOLOGY

JUNIOR BANKING AND YOUTH BANKING AWARD

What are the CANSTAR Junior Banking and Youth Banking awards?

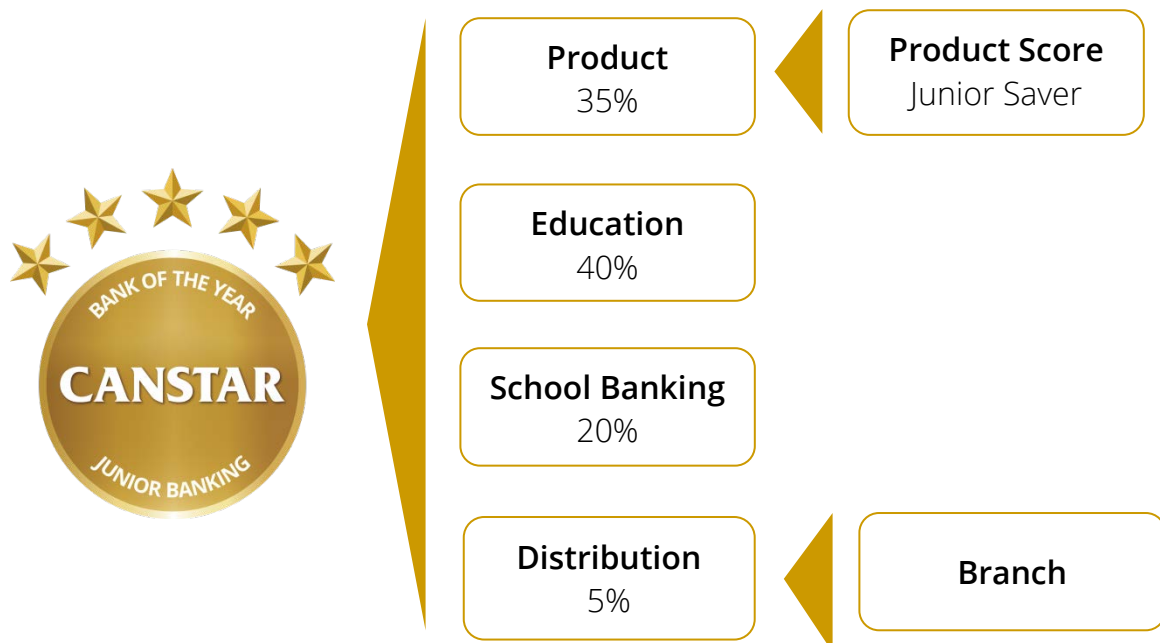
The methodology for the *CANSTAR Junior Banking award* and *Youth Banking award* involves a sophisticated methodology which is unique to CANSTAR designed to recognize financial institutions that actively provide services to schools, parents, juniors and youth to promote financial education across New Zealand. In addition to this it seeks to highlight the best deposit product available to the two age groups.

How is the CANSTAR Junior Banking and Youth Banking awards structured?

CANSTAR recognises that between the two different developmental stages (junior to youth), varying levels of support and need are required. For example juniors have greater engagement with banking through available school banking programs. Youth on the other hand are transitioning into young adults and engagement is achievable through banking directly with the institution either online or in branch. As such CANSTAR has two separate awards. An award is presented to the institution which provides the best support for juniors and an award presented to the institution which provides the best support for youth.

Junior Award

The *Junior Banking award* seeks to focus on institutional support in education, parental material, workshops, school banking and product offering.



Product

To effectively compare the product offering in the market, children's accounts are assessed separately to that of accounts available for youth, this is to capture the change and differing needs of the child as they mature and start working. The table below illustrates how the product score is calculated for juniors.

As with all CANSTAR star ratings, the value of the product is determined by using a combination of price and feature scoring. The weights have been allocated to reflect the relative importance of each component which makes up the price and feature score for the Junior Saver.

Profile	Pricing	Features
Junior Saver	80%	20%

Price Score

The pricing score is broken down into three components; Historical Rates, Transaction Scenario and Savings Scenario. The weighting of each component to the customer profile differs and the weightings we apply are displayed in the table below.

Interest Rates	Transaction Scenario	Savings Scenario
60%	10%	30%

Rates

The interest rate paid on junior accounts is an important component. The average interest rate paid across the three nominated account balances as shown below is used to recognise the account that pays the highest overall interest.

The average interest rate is defined as the rate at the beginning of each month covering a six-month period, plus bonus rate. The highest Interest Rate score is achieved by the account that pays the highest average interest based on the weighted balances below.

	Balance 1	Balance 2	Balance 3
Balance Weights	50%	35%	15%
Balance	\$250	\$500	\$1,000

The table below outlines the weights allocated to rates considered:

Profile	Base Rate	Total Rate
Junior Saver	40%	60% *

*The total rate considers the base rate plus conditional bonus rates.

Transaction Scenario

The transaction scenario analysis uses a transaction calculator which incorporates essential transaction fees and charges, rebates and free transactions. The calculator interlinks the transaction behaviour of 100 hypothetical deposits with the pricing structure of the accounts. The products with the lowest cost will receive the highest transaction scenario score.

	Junior Saver
Average no. of transactions	2
Average Balance	\$500
Average Deposit	\$20
ATM withdrawal own network	-
Branch transaction (withdrawal)	100%
Point of Sale	-
Internet transaction	-

Savings Scenario

A simple interest calculation is used to capture and differentiate the offerings in the market for bonus rates. The description of the scenario placed for interest calculation is shown below:

Profile	Deposit Amount	Term (months)	Description
Junior Saver	\$20	12	Interest calculation is based on the interest earned on an initial deposit of \$20, \$20 monthly deposits on day one of each month, no deposit in month six, and a \$50 withdrawal on the last day of month twelve

Feature Score

Each of the product features is allocated points that are awarded for positive deposit account traits such as greater flexibility or access to facilities. The table below outlines the weights allocated across each category.

Category	Junior Saver	Description
Account Facilities	40%	Branch facility, phone facility, internet facility etc.
Specific Conditions	50%	Rules relating to account operation i.e. min withdrawal or balance, interest calculated & paid
Exception Fees	-	Fees such as overdrawn & dishonour fees
Exemptions From Fees & Charges	5%	Exemption fees and charges i.e. relationship balance, demographics (concession, student)
Account Design Options	5%	Personalise accounts (name account), sub-accounts, savings plan

Education

A key feature of providing a junior/youth banking program is the supporting tools and material available. For the award we looked at website resources as well as other resources for use by parents and teachers.

Category	Category Description	Weight
Tools	Junior Website, Youth Website, Savings Calculators, Budget Calculators, Games, Updated Games	30%
Workshops	Community and School Workshops, Facilitators	30%
Curriculum	Resources and Facilitators	30%
Parents	Control and support for parents	10%

School Banking

Branch access and school banking are excellent tools to help children learn to save. In school banking we look at the availability of the banking program being offered to schools.

Category	Category Description	Weight
Distribution	Operate Program, Frequency of Collection	40%
Services	Open Account, Deposits, Rewards	50%
Benefits	Commissions and Grants	10%

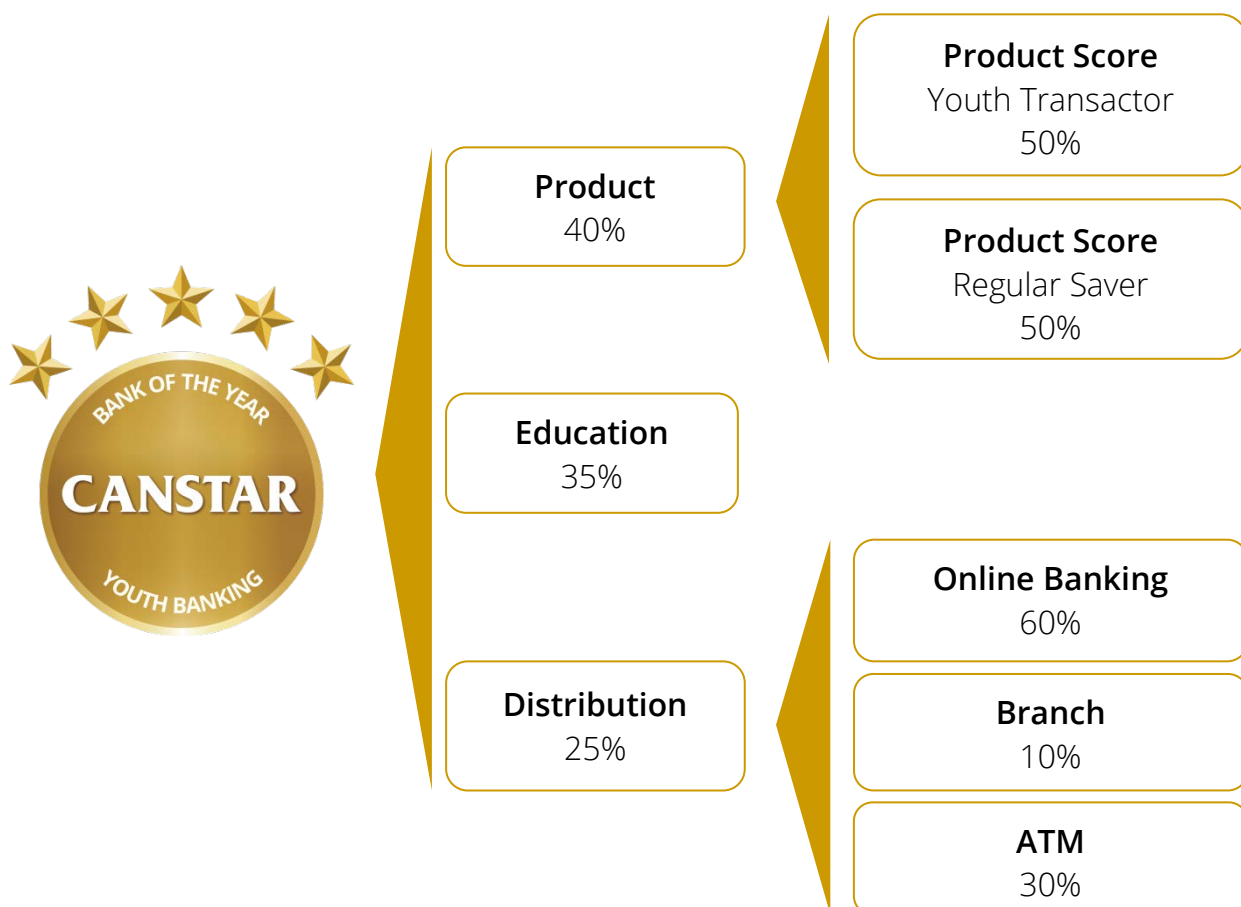
Distribution

Branch access and school banking are excellent tools to help children learn about banking. Easy access to branches and ATMs are rewarded based on the CANSTAR distribution analysis.

Category	Category Description	Weight
Branch	Ratio of Branches to population	100%

Youth Award

The transition from junior to youth can be hard enough for those snapping up their first job, nearing graduation or keeping up with the latest trend without the weight of trying to understand how to manage their finances. The *Youth Banking award* seeks to focus on institutional support in finance education, engagement through workshops and product offering.



Product

As with all CANSTAR star ratings, the value of the product is determined by using a combination of price and feature scoring. The weights have been allocated to reflect the relative importance of each component which makes up the price and feature score for the Youth Transactor and Regular Saver.

Profile	Pricing	Features
Youth Transactor	65%	35%
Regular Saver	80%	20%

Price Score

The pricing score is broken down into three components; Historical Rates, Transaction Scenario and Savings Scenario. The weighting of each component to the customer profile differs and the weightings we apply are displayed in the table below.

Profile	Rates	Transaction Scenario	Savings Scenario
Youth Transactor	30%	70%	-
Regular Saver	60%	10%	30%

Rates

The interest rate paid on accounts available to youth is an important component. The average interest rate paid across the three nominated account balances as shown below is used to recognise the account that pays the highest overall interest.

The average interest rate is defined as the rate at the beginning of each month covering a six-month period, plus bonus rate. The highest Interest Rate score is achieved by the account that pays the highest average interest based on the weighted balances below.

	Balance 1	Balance 2	Balance 3
Balance Weights	50%	35%	15%
Youth Transactor	\$50	\$125	\$250
Regular Saver	\$2,000	\$10,000	\$25,000

The base below outlines the rates that are considered for each profile:

Profile	Base Rate	Total Rate
Youth Transactor	100%	-
Regular Saver	25%	75%*

*The total rate considers the base rate plus conditional bonus rates

Transaction Scenario

The transaction scenario analysis uses a transaction calculator which incorporates essential transaction fees and charges, rebates and free transactions. The calculator interlinks the transaction behaviour of 100 hypothetical deposits with the pricing structure of the accounts. The products with the lowest cost will receive the highest transaction scenario score.

	Youth Transactor	Regular Saver
Average no. of transactions	15	2
Average Balance	\$125	\$2,000
Average Deposit	\$100	\$100
ATM withdrawal own network	10%	-
Branch withdrawal	5%	-
Branch Deposit	-	-
Point of Sale	60%	-
Internet transaction	25%	100%

Savings Scenario

A simple interest calculation is used to capture and differentiate the offerings in the market for bonus rates. The description of the scenario placed for interest calculation is shown below:

Profile	Deposit Amount	Term (months)	Description
Regular Saver	\$2,000	12	Interest calculation based on the interest earned on an initial deposit of \$2,000, \$50 monthly deposits on day one of each month, no deposit in month six. A \$50 withdrawal will be made on the last day of month three, five, seven and nine.

Feature Score

Each of the product features is allocated points that are awarded for positive deposit account traits such as greater flexibility or access to facilities. The table below outlines the weights allocated across each category.

Category Description	Transactor	Regular Saver	Description
Account Facilities	50%	35%	Branch, ATM, EFTPOS access, facilities such as Bill Payment etc.
Specific Conditions	25%	55%	Rules relating to account operation i.e. min withdrawal or balance, interest calculated & paid
Exception Fees	15%	-	Fees such as overdrawn & dishonour fees
Exemptions From Fees & Charges	5%	5%	Exemption fees and charges i.e. relationship balance, demographics (concession, student)
Account Design Options	5%	5%	Personalise accounts (name account), sub-accounts, savings plan

Education

In the youth transactor profile, emphasis is placed on education. The reasoning is that the children of this age group will have the skill to go into a branch to make transactions and not have to rely on a school banking program.

Category	Category Description	Weight
Tools	Junior Website, Youth Website, Savings Calculators, Budget Calculators, Games, Updated Games, Information and Support for parents	35%
Workshops	Community and School Workshops, Facilitators	40%
Curriculum	Resources and Facilitators	25%

Distribution

Easy access to branches and ATMs are rewarded based on the CANSTAR distribution analysis. Only for youth 12-17 profile we also look at online banking scores.

Category	Category Description	Weight
Branch	Ratio of Branches to population	10%
ATM	No. of ATMs	30%
Online Banking*	Availability of online banking	60%

*For Online banking, the final score for Banking Component from the Online Banking Award.

Does CANSTAR rate all products available in the market?

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

How often are products reviewed for award purposes?

This award is recalculated every 12 months, based on the latest submissions from each institution. CANSTAR also monitors changes on an ongoing basis.

Does CANSTAR rate other product areas?

CANSTAR researches, compares and rates the suite of banking and insurance products listed below. These star ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers, who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the CANSTAR website at www.canstar.co.nz if you would like to view the latest star ratings reports of interest.



- Business deposits
- Term Deposit
- Credit cards
- Credit card rewards
- Home loans
- Kiwisaver
- Online banking
- Personal loans
- Savings accounts
- Transaction accounts

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