



# Everyday Banking Award

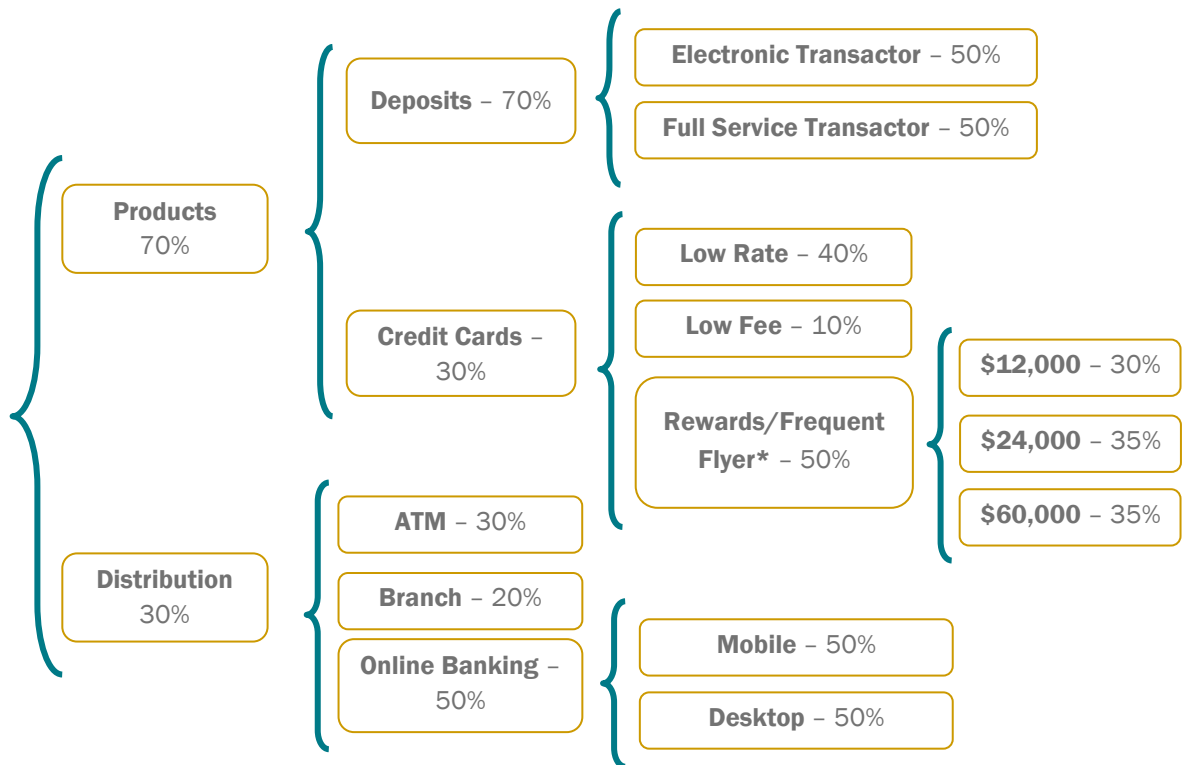
## What is the CANSTAR Bank of the Year Everyday Banking Award?

CANSTAR's Bank of the Year Everyday Banking Award uses a sophisticated rating methodology, unique to CANSTAR, which compares institutions' everyday banking products and accessibility throughout New Zealand.

This CANSTAR award aims to give recognition to the institution that provides the strongest combination of transactional products such as deposit accounts and credit cards across its relevant CANSTAR star ratings profiles, as well as providing online banking and close access to branches and ATMs.

## How is the CANSTAR Bank of the Year Everyday Banking Award calculated?

To arrive at the overall score, CANSTAR assesses two components consumers look for when seeking the best institution for their everyday banking needs. While an institution's product offering makes up the majority of the institution's overall score, consideration must be given to how accessible the institution is through the number of branches and free ATMs, as well the practicality of its online banking functionality with respect to transferring money, paying bills or checking balances on the go with a smartphone application.



\*An institution is represented by the top scoring product from either the rewards or frequent flyer profiles.

## Product assessment

Each institution is represented by its highest scoring product in each deposit product or credit card profile. How each of the products' star rating is calculated is as follows.

### Savings and Transactions

Each deposit account reviewed for the CANSTAR *Savings and Transactions Account Star Ratings* is awarded points for its comparative Pricing and for the array of positive Features attached to the account. These features include accessibility, conditions attached to interest payments and S&P rating of the institution offering the product. Points are aggregated to achieve a pricing score and a features score (see table below for weightings).

Profile	Pricing			Features			
Full Service Transactor	65%			35%			
Electronic Transactor	60%			40%			
	Rates	Transaction Scenario	Savings Scenario	Credit rating	Product features	Coverage	Online Banking
Full Service Transactor	10%	90%	-	5%	60%	10%	25%
Electronic Transactor	10%	90%	-	5%	60%	10%	25%

Please see the CANSTAR *Savings and Transactions Account Star Ratings Methodology* for more information.

### Rate component

The rate component accounts for the tiered interest rate structure of deposit accounts. The tiers for historical rate calculations are applied in the following manner:

	Tier 1	Tier 2	Tier 3
Interest rate tier weighting	40%	45%	15%
Full Service Transactor	\$1,000	\$2,000	\$5,000
Electronic Transactor	\$1,000	\$2,000	\$5,000

### Scenario component

Transaction fee scenarios are based on 100 hypothetical customers. The following table outlines scenarios for each of the profiles:

	Full Service Transactor	High Transactor
Average balance	\$2,000	\$2,000
Average deposit	\$2,500	\$2,500
Average no. of transactions	15	40
ATM withdrawal own network	10%	10%
ATM withdrawal Other network	5%	5%
Branch cash withdrawal	5%	-
Direct debit	5%	5%
Points of Sale*	45%	45%
Internet transaction	-	-
Internet BPAY	10%	15%
Internet Pay anyone	15%	20%
Phone Banking#	5%	-

\*Split of 50% to Paypass/Paywave and 50% to EFTPOS if Paypass/Paywave is available. Otherwise EFTPOS will make up 100% of the cost  
 #Phone transaction via a voice recognition system.

## Credit rating component

The higher the credit rating of the institution, the more points it will receive for this category. The total number of points each institution receives is indexed against the institution with the highest credit rating to receive the total credit rating score.

## Coverage component

The ratio of the total number of free ATMs and branches across New Zealand (both islands) against the New Zealand population is calculated against a cap of 10,000 people per ATM and 30,000 people per branch. Any institution that exceeds the cap will receive full points for this category with the remaining institutions being indexed against the caps.

Profile	ATM	Branch
Transaction Profiles	60%	40%

## Product features component

The CANSTAR methodology takes into account more than 100 product features with weights given to each relevant area. Examples include minimum opening deposit, minimum withdrawal and ATM facilities.

Feature category	All transactor profiles
Account facilities	50%
Specific condition	20%
Exception Fees	10%
Exemptions from Fees & Charges	10%
Account design options	10%

## Online Banking

CANSTAR assesses the features on the online banking capability of New Zealand institutions. Institutions will receive a high score if they offer extensive coverage across categories like banking and other services (e.g. transfers, bill payments, transfer limits, schedule and manage payments), personal finance management (e.g. account information, budgeting tools, finance tools and calculators), self-service (e.g. ability to change personal details, personalization) and product applications (e.g. ability to apply for new products and monitor product application progress).

## Credit Cards & Rewards

As with the deposit star ratings, the CANSTAR *Credit Card and Reward Star Ratings* are awarded points for their comparative pricing and for the array of positive features attached to the accounts. Their relative weighting is as follows:

### Rewards

Profile	Feature Weight	Pricing Weight	Reward Return	Charge Cards Included	Annual Purchases	Revolving Debt		
						Amount	Time (months)	Six-month average rate used
The below profiles are each rated for three different amounts of annual spending.								
Rewards	30%	70%	✓	✓	\$12,000	\$500	1	✗
					\$24,000	\$1,000	1	✗
Flight Rewards	30%	70%	✓	✓	\$60,000	\$2,500	1	✗
					\$120,000	\$5,000	1	✗

✓ Included ✗ Not Included

### Credit Cards

Profiles	Pricing			Feature			
	Cost over 12 months	Historical Rates	Pricing Score	Product features	Free days	Minimum Repayment	Feature Score
Low Rate	60%	40%	70%	83%	0%	17%	30%
Occasional Spender	60%	40%	70%	87%	13%	0%	30%

Please see the CANSTAR Credit Card and Rewards Star Ratings Methodologies for more information

### Rate component

Current data is used to calculate the annual cost to the cardholder for using each card. The cost of each card varies depending on the characteristics of the spending profile. Below are some of the spending and revolving details used in the calculation of the cost of each credit card.

- Low Rate: spends \$14,000 per year while revolving \$9,000
- Occasional Spender: spends \$6,000 per year and revolves \$1,500 twice a year

### Historical rate component

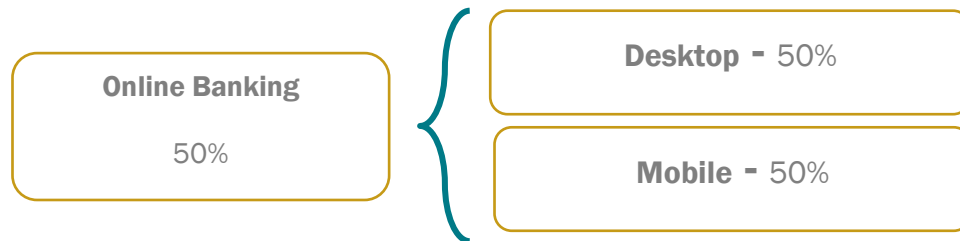
The historical rate component looks at the product's interest rate in the last six months.

## Accessibility assessment

### ATM and Branch

The ratio of the total number of branches and free ATMs across New Zealand (both islands) against the New Zealand population is calculated against a cap of 12,500 people per ATM and 30,000 people per branch. Any institution that is lower than the cap will receive full points for this category with the remaining institutions being indexed against the caps.

### Online Banking



The online banking component looks at the institution's mobile and internet banking facilities. Information regarding both categories is taken from CANSTAR's *Online Banking Award* (see below). The indexed score from both categories is used towards the overall Online Banking score and is weighted equally.

Feature Category	Desktop	Mobile	Description
Banking and Other Services	35%	60%	
Transactions	70%	70%	Transfers through Facebook, mobile, email or BUMP technology, contactless payments, Bill payments, transfer limits, processing
Payment Management	20%	20%	Create, schedule and manage payments
Other Services	10%	10%	Access to other products through same login
Personal Finance Management	30%	15%	
Account Status and Information	70%	70%	Account balances, statements, transaction history
Budgeting Tools	20%	20%	Integrated budgeting tools, spend categorisation and graphing
Other Tools	10%	10%	Access to other finance tools within same login
Self Service	20%	15%	Personalisation of accounts, ability to change personal details, modify limits etc.
Product Applications	15%	10%	Product applications available through login

## How many products and financial institutions are analysed?

In order to calculate the award, CANSTAR analysed 10 institutions in New Zealand.

## How often are all the products reviewed for rating purposes?

CANSTAR's *Bank of the Year Everyday Banking Award* is recalculated every 12 months based on the latest rates and features offered by each institution. CANSTAR also monitors rate changes on an ongoing basis.

## 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 or every feature compared that is relevant to you.

## How often are all the products reviewed for rating purposes?

All ratings are fully recalculated annually based on the latest features offered by each institution. CANSTAR also monitors rate 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](http://www.canstar.co.nz) if you would like to view the latest star ratings reports of interest.



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