

2016

INNOVATION EXCELLENCE



Innovation Excellence Awards

April 2016



Each year CANSTAR reviews the financial services market to identify financial products and services that can be described as 'innovative' and a first to market.

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.



Innovation: Inventing and reinventing

Kiwis have a proud history of innovating in a wild and isolated land where survival meant, as the saying goes, being able to do anything with “a piece of number eight wire”.

New Zealand is responsible for a number of world-changing inventions, from splitting the atom and bungee jumping to the humble electric fence. As this year’s Innovation Excellence Awards show, we’re just as creative with how we tackle our daily finances.

How do we define a product as innovative?

To be called innovative, a product or service should be a first in the market and even perhaps open up a new market. Then we assess the degree of innovation and the overall impact the product could have on the everyday customer’s life.

In terms of degree, we consider whether there are any other similar products available and what makes this product different, whether it is a “first” in New Zealand, and whether it opens up any new markets. We also assess the potential significance of its impact to the market in terms of increasing 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. There is more detail about our assessment process in the attached methodology.

ASB

Card Control

What is the product?

The Card Control feature in ASB's mobile app allows Visa debit and credit cardholders to apply a temporary lock on a lost or misplaced card, providing customers extra security and peace of mind while they search for their card.

Card Control also enables customers to lock and unlock certain transaction types, such as contactless payments or instore international transactions.. ASB's Card Control innovation developed in response to feedback from customers seeking extra security and control over how their credit cards are used. With a large proportion of ASB credit and debit cardholders using the ASB mobile app regularly, the Card Control function was a natural addition to the mobile app.

ASB Card Control can lock contactless transactions (i.e. Visa payWave), online transactions, overseas transactions, and ATM cash withdrawals. If the customer attempts a locked transaction while the lock is on, an instant notification is sent to their mobile phone. Customers can also set a spending limit per transaction, starting at NZ\$100, to help control their spending.

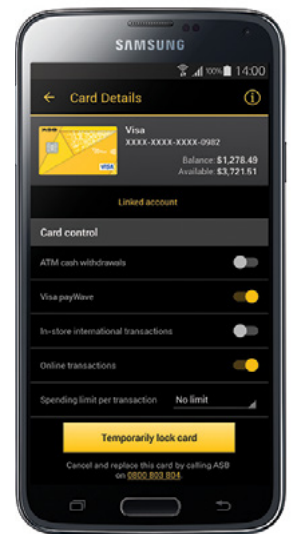
Cardholders can also use Card Control to temporarily lock their card for all transactions and update the card's PIN if the card is lost. This gives the cardholder security while they look for their misplaced card, without the need to phone the bank and cancel the card altogether. A feature to cancel and replace lost, stolen, or damaged cards will be added in the coming months, saving time for busy cardholders.

If a customer is unable to access the ASB mobile banking app for any reason, ASB staff members are able to view and remove a lock on a customer's behalf.



Standout features

- **Easily accessible.** Card Control is part of the ASB mobile banking app.
- **Helps with budgeting.** The feature can lock transactions or set a spending limit per transaction.
- **Convenient and secure.** Instead of cancelling a card and issuing a replacement, which can be time-consuming and inconvenient for customers, customers can temporarily lock their card.



CANSTAR's verdict...

ASB's Card Control is the first of its kind in New Zealand.

It provides a uniquely self-service solution for Visa credit and debit cardholders, increasing security and enabling complete control over how customers choose to use their cards. The New Zealand credit card market has until now been saturated with marketing campaigns based solely on earning rewards, so ASB has differentiated itself by adding value with increased functionality.

www.asb.co.nz

What is the product?

Westpac has acted on customer feedback and partnered with Air New Zealand's Airpoints program to deliver a product that until now Kiwis have only dreamed of – a debit card with a rewards program attached.

The Westpac Airpoints Debit MasterCard is the only debit card that lets cardholders earn Airpoints Rewards by spending their own money using EFTPOS.

There are very few conditions on the card, and cardholders can attach it to the Westpac transaction account of their choice. There are no complicated points earn structures and a flat annual fee of \$15. To apply for the card, adult residents in New Zealand must simply be an Air New Zealand Airpoints member and deposit a minimum of \$500/month into the transaction account.

The signup process is exceptionally quick and convenient in that customers can request, receive and start using their Airpoints Debit MasterCard without ever going into a bank branch. The application process takes less than 5 minutes if you're an existing Air New Zealand Airpoints member.

Customers can apply for the card on the Air New Zealand Airpoints website, Westpac's website, or their Westpac One online banking. Even those who aren't existing Westpac customers can apply for the Airpoints Debit MasterCard. Once you receive your card, you can select a PIN, set up text alerts, and manage your card online.



Standout features

- **Affordable cost.** Enabled for contactless transactions under \$80 for those with a PayTag sticker on their smartphone.
- **Peace of mind.** Enabled for overseas ATM withdrawals at Global Alliance ATMs.
- **Secure.** CardGuard™ 24/7 protection against fraudulent activity applies.
- **MasterCard privileges.** Access to exclusive MasterCard privileges including travel discounts and special movie deals.
- **Rewards.** Earn one Airpoints Dollar for every \$250 you spend on your card.



CANSTAR's verdict...

Westpac is the first financial institution in New Zealand to offer any kind of rewards program on a debit card. It is a market first and has the potential to could change the landscape of rewards programs. The Westpac Airpoints Debit MasterCard is a product that is easy to get, easy to understand, and easy to use.

www.westpac.co.nz

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METHODOLOGY

INNOVATION AWARDS

What are the CANSTAR *Innovation Awards*?

CANSTAR's *Innovation Awards* involve a sophisticated rating methodology, unique to CANSTAR which compares submissions we receive from financial institutions throughout New Zealand. CANSTAR Award winners represent a selected group of financial related Innovations over the most recent year which have all been reviewed, assessed and ranked.

What types of products are evaluated for the *Innovation Awards*?

CANSTAR evaluates any consumer finance related product that has been released in the market within the most recent year to the commencement of our submission collection.

The following consumer financial products below are an example of what products CANSTAR evaluates:

- Online Banking Products
- Payment Technology
- Wealth Products
- General Insurance
- Investing Services and Products
- Deposit Accounts
- Lending Product
- Business Banking Products and Services

How is the *Innovation Awards* Calculated?

Degree of Innovation (60%)

The degree of innovation measures how unique and disruptive the innovation is within the current market. The 'WOW' factor, is based on the judges impression of the Innovation.

1. How new or different/unique?
2. How disruptive?
3. 'WOW' factor

Impact (40%)

The impact takes into account the breadth and depth an innovation has. The "breadth" of the innovation assesses how many consumers of the target segment are affected. It also evaluates the affordability of the product, and its ease of use. The "Depth" of the innovation measures the impact the innovation will have on improving or affecting a consumer's daily life.

1. Breadth
2. Depth

A scoring system based on a rating from one to five is then placed against each of the above categories in relation to the correlation between the innovation and the categories.

The research committee will then gather together to evaluate each submission and assign a score based on the above.

RATING	DESCRIPTION
0	Not Applicable
1	Very Weak
2	Weak
3	Average
4	Strong
5	Very Strong

METHODOLOGY



Degree of innovation
60%

Impact
40%

How different/ Unique?
45%

- Is there any product with a similar key feature?
- How is this different to current available products?
- Is it first in Australia?
- Does it open a new market?

How disruptive?
30%

- How significant are the impacts to existing market/competitors/technology

'Wow' factor?
25%

- Does it give you the 'wow' factor?
- Why?

Breadth
60%

- How many people of the target segment affected?
- Is it easy to understand?
- Is it affordable?
- Is it accessible by the target segment?

Depth
40%

- How significant does it 'change their lives'?

Examples: (When products are first introduced)

	ATM	iPOD	Toyota Prius
How different/ Unique? 45%	✓✓✓✓✓	✓✓✓	✓✓✓
How disruptive? 30%	✓✓✓✓	✓✓✓✓✓	✓✓
'Wow' factor? 25%	✓✓✓✓	✓✓✓✓✓	✓✓
Breadth 60%	✓✓✓	✓✓✓✓✓	✓✓
Depth 40%	✓✓✓✓	✓✓✓✓	✓✓