

# Term Deposits Award

CANSTAR Methodology



# Term Deposit Award

## What is the CANSTAR Term Deposit Award?

The CANSTAR Term Deposit award involves a sophisticated award methodology unique to CANSTAR that compares a shortlist of term deposit products in New Zealand, and awards the institution that offers a superior combination of both price and features.

## What types of products are evaluated in CANSTAR Bank of the Year Term Deposit?

To be eligible for the Bank of the Year Term Deposit award, institutions must have a credit rating of at least Standard & Poor BBB+ or an equivalent with other agencies.

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## How is the CANSTAR Bank of the Year Term Deposit award calculated?

Each term deposit product reviewed for the CANSTAR Bank of the Year Term Deposit award is awarded points for its comparative pricing and for the array of positive features attached to the product. Points are aggregated to achieve a Pricing score and a Features score.

To arrive at the total score on which to base the awards, CANSTAR applies a weighting against the product Pricing and Features. This weighting of Price and Features reflects the relative importance to the consumer of either price or features when looking to purchase the product. This method can be summarised as:

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## Star Ratings Methodology

Total Score = First Level Score + First Level Score



Price Score  
80%

Feature Score  
20%

Rate  
92%

Maturity Cost\*  
3%

Credit Rating  
5%

Account Options  
40%

Discounts and Bonuses  
15%

Early Withdrawal  
10%

Interest Options  
10%

Statement Options  
10%

Term Options  
15%

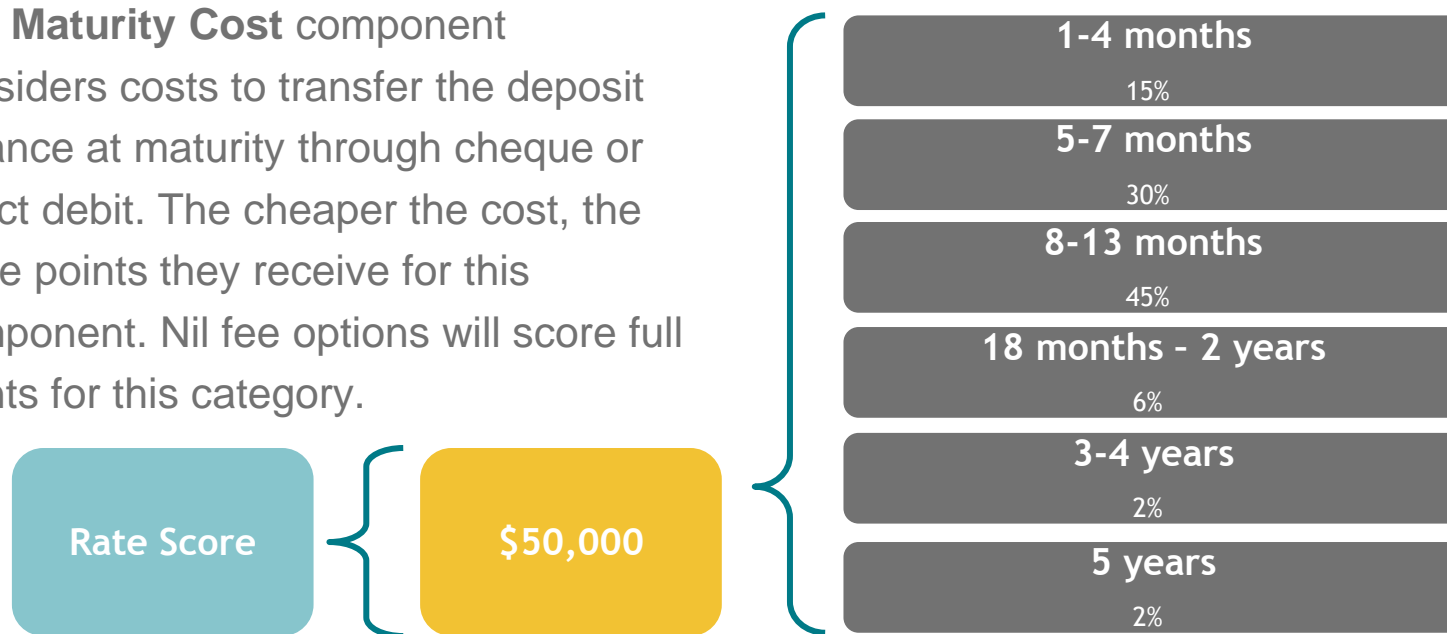
\*Maturity Cost is the cheapest option to transfer your money to another Financial Institution

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## Pricing Score

The **Rate Score** is calculated by taking the maximum rate from the following term deposit periods (outlined in the tree below) over the span of 26 weeks. An average rate is then taken from the maximum rates and then indexed off the term deposit with the highest rate and weighted against the relative weights.

The **Maturity Cost** component considers costs to transfer the deposit balance at maturity through cheque or direct debit. The cheaper the cost, the more points they receive for this component. Nil fee options will score full points for this category.



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## Feature Score

More than 40 product **Features** of each term deposit are scored and categorised into six different categories in the following table. Based on the points received in each category, the scores are weighted against each of the category weights provided in the table below for their respective total feature score. The total feature score is then indexed to provide final feature score.

Category	Category Descriptions	Weighting
<b>Product Features</b>		
<b>Account Options</b>	Open account, Maturity reminder, Maturity instruct, Variation period	40%
<b>Bonus/Discounts</b>	Rollover Bonus, Free bank cheque, Free direct credit	15%
<b>Early Withdrawals</b>	Prepayment interest penalty, 31 Day notice period	15%
<b>Interest Options</b>	Interest penalties, Interest payment options	10%
<b>Statement Options</b>	3 <sup>rd</sup> party reporting, Tax reporting	5%
<b>Term Options</b>	Account Facilities, Deposit amounts, Rollover facilities	15%
<b>Total</b>		<b>100%</b>

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## 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 all the products reviewed for rating purposes?

All ratings are fully recalculated every year based on the latest features offered by each institution. All awards are recalculated every year based on the latest ratings. CANSTAR also monitors rate changes on an ongoing basis.

## Does CANSTAR rate other product areas?

CANSTAR researches, compares and rates home loans and credit cards, as well as deposit accounts. 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.



- Agribusiness
- Business deposits
- Cash PIE
- Credit cards
- Credit card rewards
- Home loans
- KiwiSaver
- Online banking
- Personal loans
- Savings accounts
- Transaction accounts

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