



METHODOLOGY JUNIOR BANKING AND YOUTH BANKING AWARD

What are the CANSTAR *Junior Banking and Youth Banking awards*?

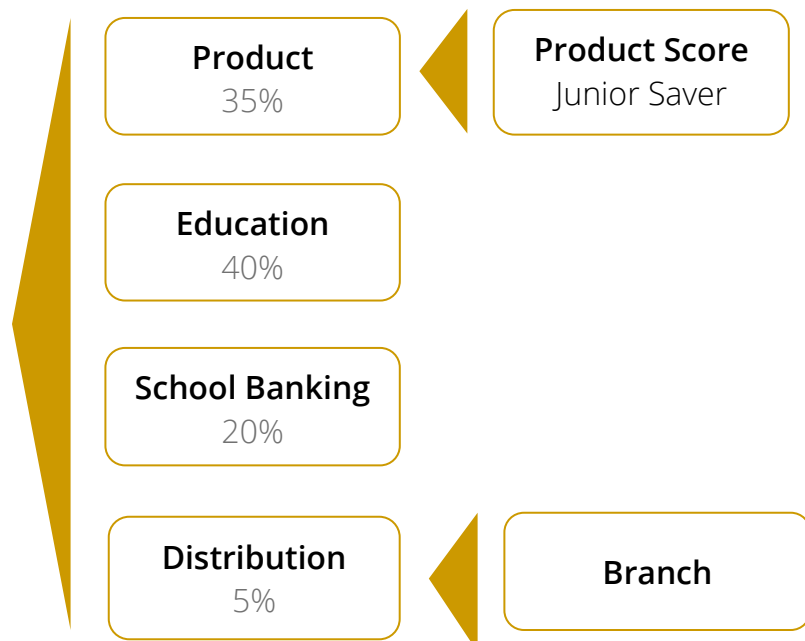
CANSTAR's *Junior Banking award* and *Youth Banking award* involves a sophisticated methodology which is unique to CANSTAR designed to recognize financial institutions that actively provide services to schools, parents, juniors and youth to promote financial education across New Zealand. In addition to this, it seeks to highlight strong performing deposit products 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 superior support for juniors and an award presented to the institution which provides superior 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.

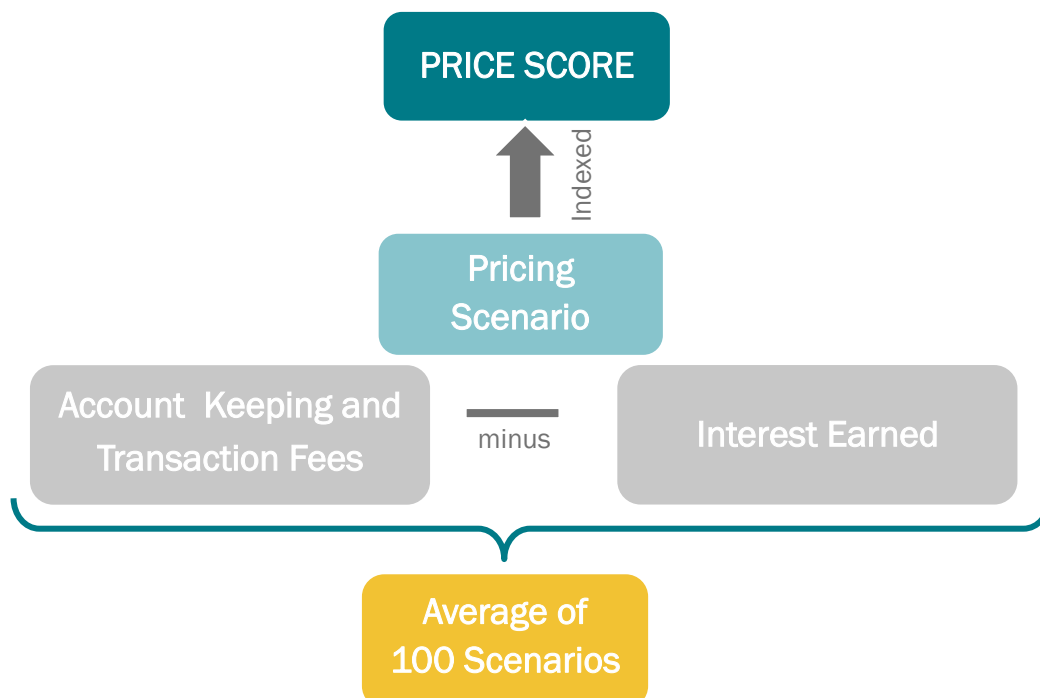
Profile	Pricing	Features
Junior Saver	80%	20%

Price Score

The pricing score is determined by the net cost or benefit to the consumer. This is calculated using a pricing scenario which uses a transaction scenario analysis to calculate the total cost of transacting on the account (including account keeping and transaction fees) for 100 hypothetical consumers which is then deducted from any interest that would be earned by each hypothetical consumer, based on their initial balance and the monthly deposits.

The average net cost or benefit for each product then receives a score that is indexed along a normal distribution between the least and most favourable outcome for the consumer. The below table outlines the scenario used for the Junior Saver profile:

	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	-



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
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%

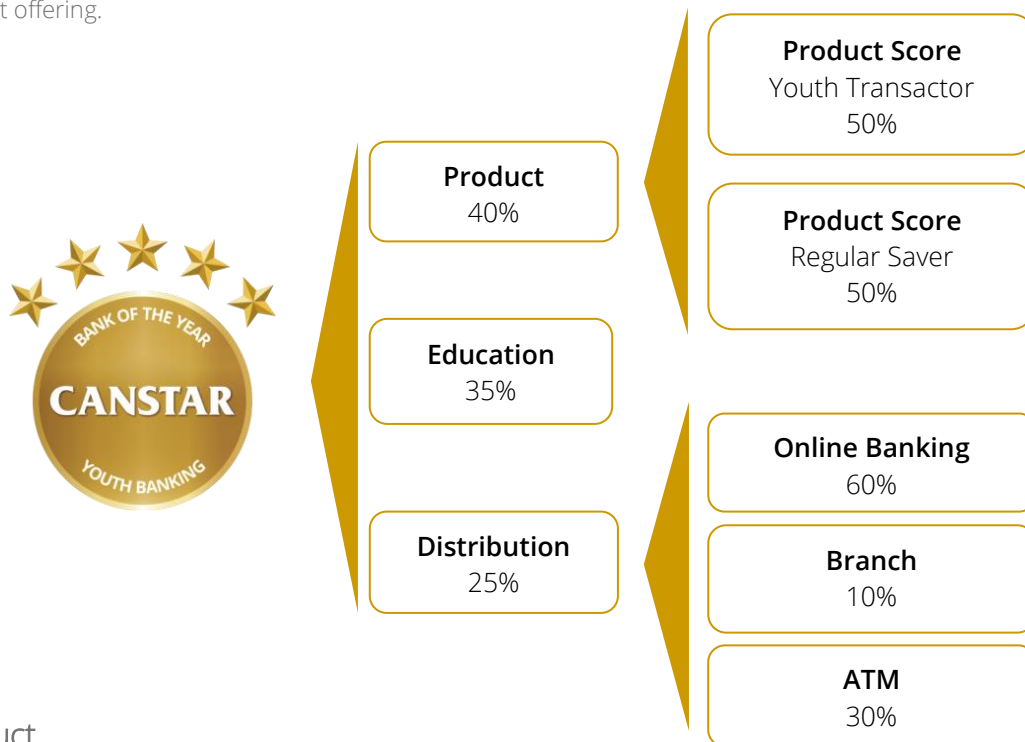
Distribution

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.

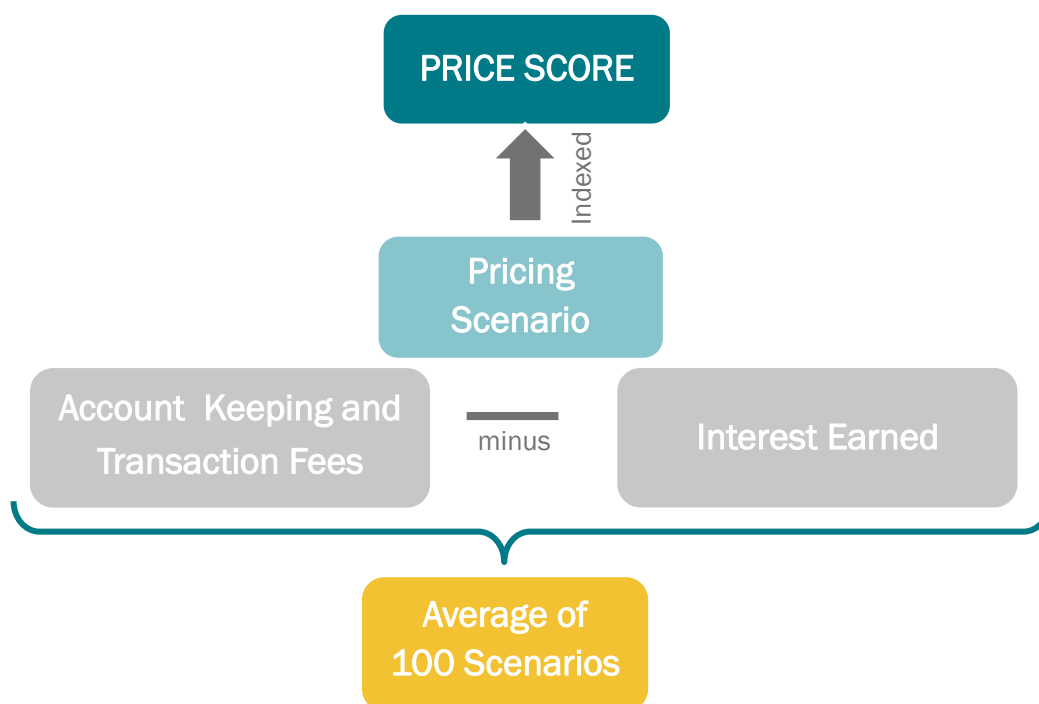
Profile	Pricing	Features
Youth Transactor	65%	35%
Regular Saver	80%	20%

Price Score

The pricing score is determined by the net cost or benefit to the consumer. This is calculated using a pricing scenario which uses a transaction scenario analysis to calculate the total cost of transacting on the account (including account keeping and transaction fees) for 100 hypothetical consumers which is then deducted from any interest that would be earned by each hypothetical consumer, based on their initial balance and the monthly deposits.

The average net cost or benefit for each product then receives a score that is indexed along a normal distribution between the least and most favourable outcome for the consumer. The below table outlines the scenario used for the two profiles:

	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%	-
Point of Sale	60%	-
Internet transaction	25%	100%



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 CANSTAR's 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.com.au 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

COPYRIGHT & TRADEMARKS

© CANSTAR New Zealand Limited (3225469), 2008-2014. The recipient must not reproduce or transmit to third parties the whole or any part of this work, whether attributed to CANSTAR or not, unless with prior written permission from CANSTAR, which if provided, may be provided on conditions. The word "CANSTAR", the gold star in a circle logo (with or without surmounting stars), are trademarks or registered trademarks of CANSTAR Pty Ltd A.C.N. 053 646 165. Reference to third party products, services or other information by trade name, trademark or otherwise does not constitute or imply endorsement, sponsorship or recommendation of CANSTAR by the respective trademark owner.

DISCLAIMER

To the extent that any CANSTAR data, ratings or commentary constitutes general advice, this advice has been prepared by CANSTAR New Zealand Limited (3225469) FSP 200146 and does not take into account your individual investment objectives, financial circumstances or needs. Information provided does not constitute financial, taxation or other professional advice and should not be relied upon as such. CANSTAR recommends that, before you make any financial decision, you seek professional advice from a suitably qualified adviser. A Product Disclosure Statement relating to the product should also be obtained and considered before making any decision about whether to acquire the product. CANSTAR acknowledges that past performance is not a reliable indicator of future performance.