



Business Credit Card Star Ratings Methodology June 2017

What are the Canstar *Business Credit Card Star Ratings*?

Canstar's *Business Credit Card Star Ratings* use a sophisticated rating methodology, unique to Canstar, which compares the dominant credit card products in New Zealand and presents the results in a simple, user-friendly format.

Our rating methodology is transparent and extensive. The methodology compares all types of business unsecured credit and charge cards in New Zealand and accounts for an array of characteristics such as:

- Fees/Interest Rates
- Number of Free Days
- Standard Features
- Premium Features
- Reward/Loyalty Programs

The results are reflected in a consumer-friendly five-star concept, with five stars denoting a product offering outstanding value.

Eligibility Requirements

Low Rate

- For businesses seeking a credit card with a low interest rate and flexible repayment conditions.
- Unsecured credit cards (excludes charge cards).
- Includes both business-liability and personal-liability business credit cards
- A credit limit of \$10,000 must be available on application

Low Fee

- Unsecured credit cards (excludes charge cards).
- For businesses seeking a credit card with a low cost for their everyday business spending.
- Includes both business-liability and personal-liability business credit cards
- A credit limit of \$10,000 must be available on application

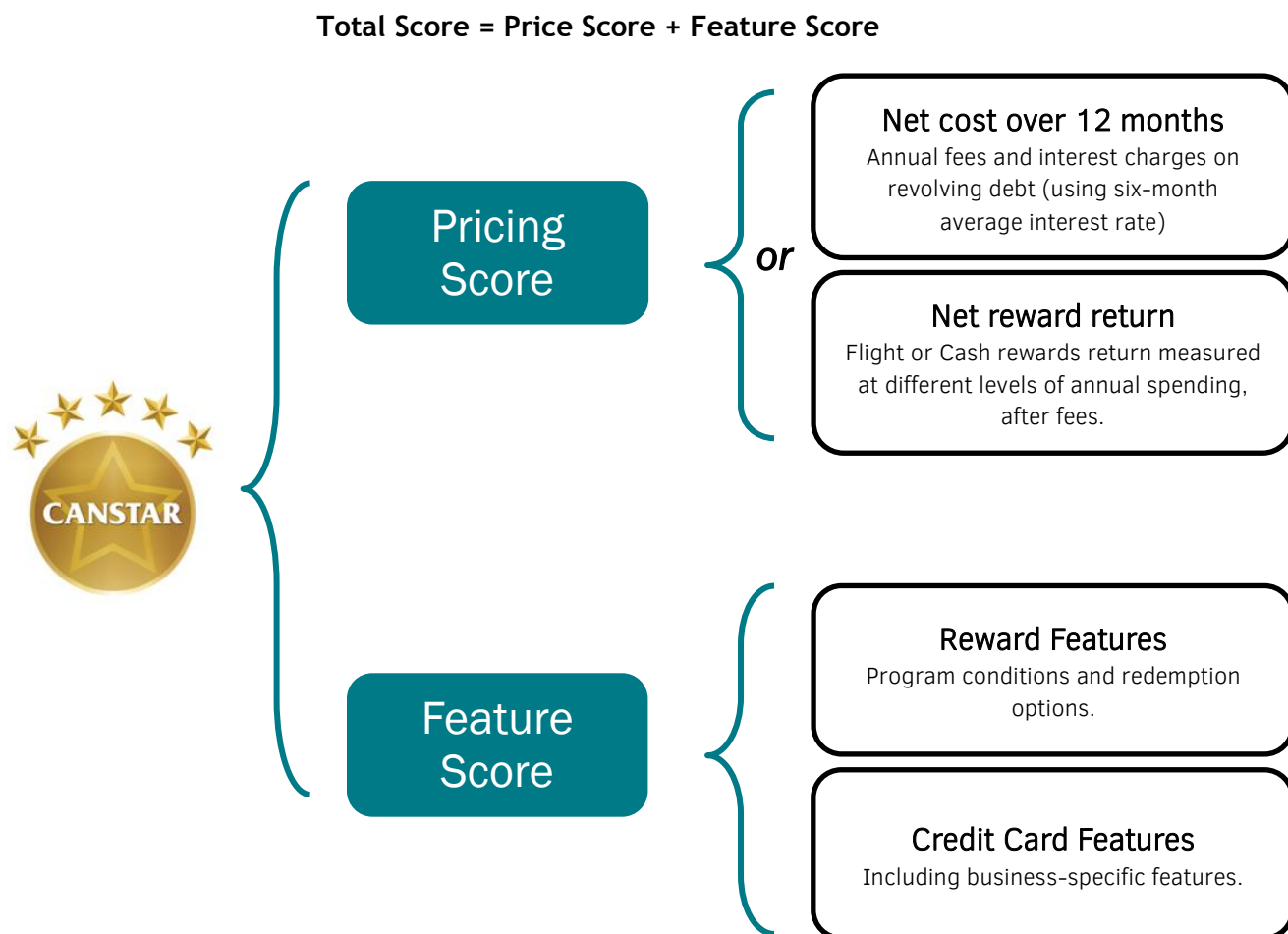
Rewards

- For businesses seeking a credit or charge card that gives them the optimal return on their spending.
- The card must offer a rewards program that provides direct access to cash-back, gift cards, or a frequent flyer program

Star Ratings Methodology

Each product reviewed for the Canstar *Business Credit Card Star Ratings* is awarded points for its comparative pricing and for the array of positive features attached to the product. Points are aggregated to achieve a price score and a feature score.

To arrive at the total score, Canstar applies a weight against the price score and the feature score. The weights reflect the relative importance of costs and features in determining the products offering outstanding value. This method can be summarised as follows:



Profile	Pricing Weight	Reward Return	Charge Cards Included	Revolving Interest Scenario	Feature Weight
Low Rate	70%	✗	✗	✓	30%
Low Fee	60%	✗	✗	✓	40%
Rewards	70%	✓	✓	✗	30%

✓ Included ✗ Not Included

Pricing Score

Profile	Number of Additional Cardholders	Reward Return	Charge Cards Included	Annual Purchases	Revolving Debt		
					Amount	Period (months)	Six-month average rate used
Low Rate	1	✗	✗	\$20,000	\$10,000	6	✓
Low Fee	1	✗	✗	\$20,000	\$5,000	1	✓
The below profiles are each rated for four different amounts of annual spending							
Rewards	1	✓	✓	\$24,000 (40%)			
				\$60,000 (45%)			
				\$120,000 (15%)			

Pricing Score - Low Rate and Low Fee

Products are scored based upon the net cost to the cardholder over 12 months with the lowest cost product receiving the top pricing score.

Net Cost over 12 Months:

- Historical Interest Rates
- Annual Fees
 - Includes 1 additional card holder
- Revolving Debt
 - \$10,000 for six months (Low Rate)
 - \$5,000 for 1 month (Low Fee)

Pricing Score - Rewards

Products are scored based upon the net benefit to the cardholder over 12 months with the best performing product receiving the top score.

Net Reward Return:

- Value of Rewards
 - Cash/Gift card or three return flights (Auckland return Wellington, Sydney, and Los Angeles)
 - Different levels of annual spending analysed
- + Free Extras
 - Extras such as free flights, vouchers and hotel stays.
- - Fees
 - Includes 1 additional cardholder

Feature Score

Each card feature is allocated points. Points are awarded for positive traits such as low fees or greater flexibility. The total features score for each category of information (e.g. repayment capabilities) is ranked and weighted with each category contributing to the overall Feature Score.

Category/Subcategory	Low Rate	Low Fee	Rewards	Examples of individual features
Credit Terms and Conditions	55%	40%	35%	
Business Specific Conditions	35%	35%	55%	Max number of cards, GST Statement, Limits
Card Terms	25%	25%	15%	Min repayments, balance transfers, introductory rates
Additional Fees and Charges	25%	25%	15%	Overdrawn, late fees, etc.
Interest Charging	15%	15%	15%	Grace period, date interest is calculated from
Accessibility and Security	30%	30%	25%	
Repayment Capabilities	40%	40%	40%	Branch, ATM, BPAY, Cheque, Internet
Online Transaction Security	30%	30%	30%	Chip, online shopping password, fraud protection
Merchant Acceptability	30%	30%	30%	Number of merchants card is accepted at.
Benefits and Options	10%	15%	30%	
Rewards Choice and Conditions (overleaf)	-	45%	50%	Rewards choices and conditions
Premium Card Facilities	100%	55%	40%	Insurances (Loss, theft, price protection, travel, warranty), concierge, special events.
Interest Free Days	5%	15%	10%	The products in the market with the highest number of interest free days receive the top score.

Rewards Choices and Conditions

Feature Category	Reward Cards	Flight Rewards Cards
Rewards Choices	80%	40%
Shopping Rewards	25%	-
Frequent Flyer Rewards	10%	50%
Merchandise Rewards	20%	-
Travel/Accommodation Rewards	10%	50%
Point For Cash / Credit	15%	-
Entertainment Rewards	5%	-
Food & Beverage Rewards	5%	-
Lifestyle Rewards	5%	-
Additional Rewards	5%	-
Program Conditions	20%	60%
Earning Policies	20%	40%
Bonus Points Partner Information	10%	-
Points Capping Information	10%	-
Customer Service Information	10%	15%
Reward Program Fees	10%	-
Earning Policy Flexibility	10%	-
Account Status Information	10%	15%
Top-Up Policies	10%	15%
Expiration Policies	10%	15%

Does Canstar rate all products available in the market?

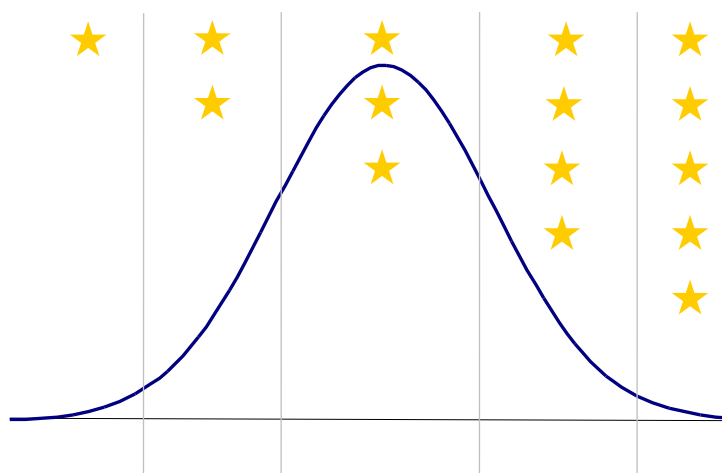
We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant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

How often are products reviewed for awards or star ratings purposes?

All ratings are fully recalculated every 12 months based on the latest features offered by each provider. Canstar also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazines, television, websites, etc.)

How are the stars awarded?

Products are ranked based on the total score received for each profile. Stars are then awarded based on the distribution of the scores with the objective to award the top 5-10% of products with the Canstar five-star rating.



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
- Credit cards
- Credit card rewards
- Home loans
- KiwiSaver
- Online banking
- Personal loans
- Savings accounts
- Transaction accounts
- Term deposits

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