



# METHODOLOGY

# Everyday Banking and Savings Award

## JUNE 2020

### What is Canstar's Everyday Banking and Savings Award?

Canstar's Everyday Banking & Savings Award uses a sophisticated rating methodology, unique to Canstar, which compares institutions' everyday banking products and accessibility throughout New Zealand.

Canstar's Bank of the Year – Everyday Banking is awarded to the institution that provides the strongest combination of products, accounting for the price positioning, features and flexibility of the products assessed within Canstar's Transaction Account Star Ratings profiles, as well as Canstar's Credit Card Star Ratings profiles.

Canstar Bank of the Year – Savings is awarded to the institution that provides the strongest combination of products, accounting for the price positioning, features, savings tools and flexibility of the products assessed within Canstar's Savings Account Star Ratings profiles, as well as supporting savers through a competitive Term Deposit offering.

### Methodology – Eligibility Requirements

To be eligible for consideration in these awards, each financial institution must offer a transaction account considered within Canstar's Savings and Transaction Accounts Star Ratings. E.g. If a company does not offer an eligible transaction account, they will be excluded from the Everyday Banking Award calculations.

Additionally, to be eligible for the Savings Award, an institution must have a credit rating of at least Standard & Poor's BBB or an equivalent with other agencies. It is important to note that the New Zealand Government does not guarantee deposits made by customers with any banks in New Zealand.

Canstar encourages consumers to be aware of a financial institution's credit rating when making a decision to bank with them. RBNZ maintains a list of the credit ratings of registered banks on their website which can be found here: <https://www.rbnz.govt.nz/regulation-and-supervision/banks/prudential-requirements/credit-ratings>

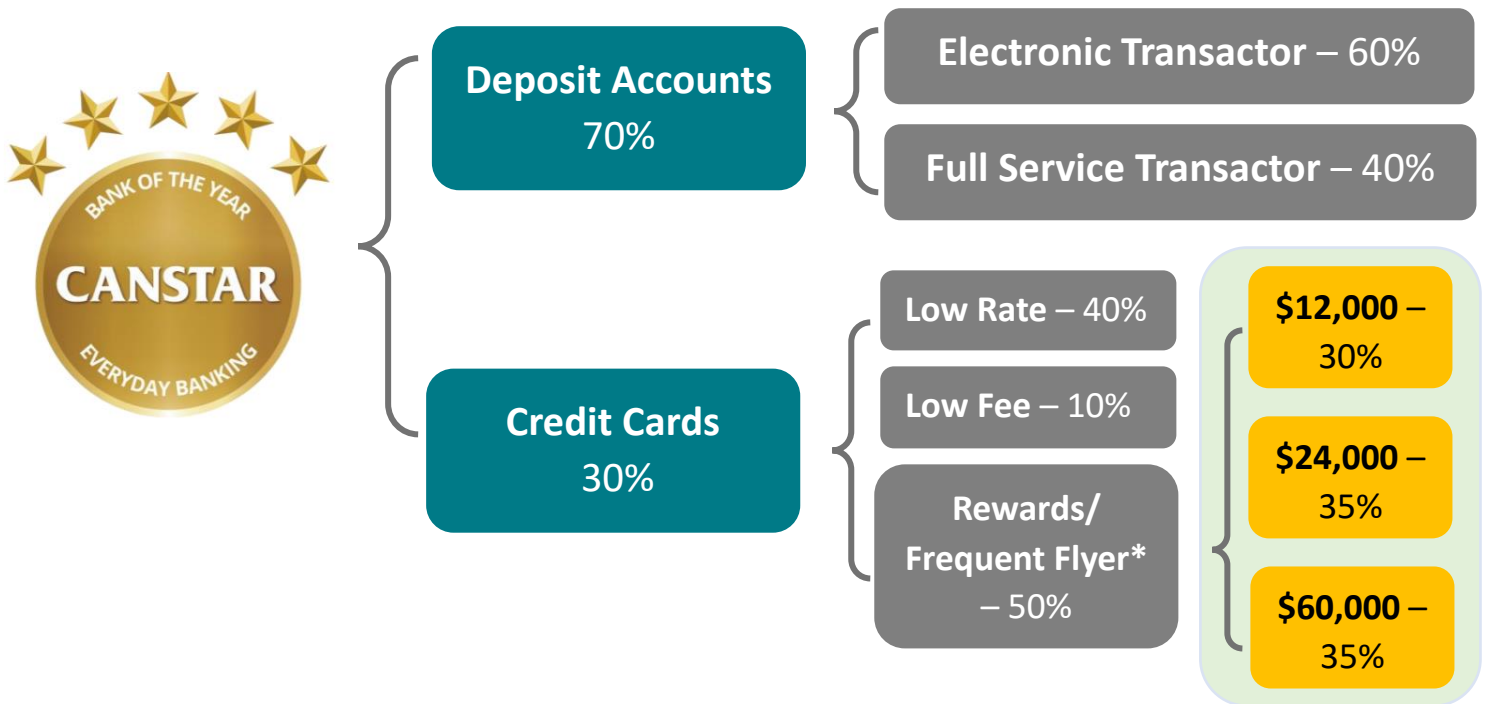
### Methodology – Scoring

The Everyday Banking and Savings Awards utilise the following robust ratings methodologies in calculating the scores for each of the categories assessed, these methodology documents are available on [canstar.co.nz](https://www.canstar.co.nz):

- Savings and Transaction Accounts Star Ratings Methodology
- Credit Card Star Ratings Methodology

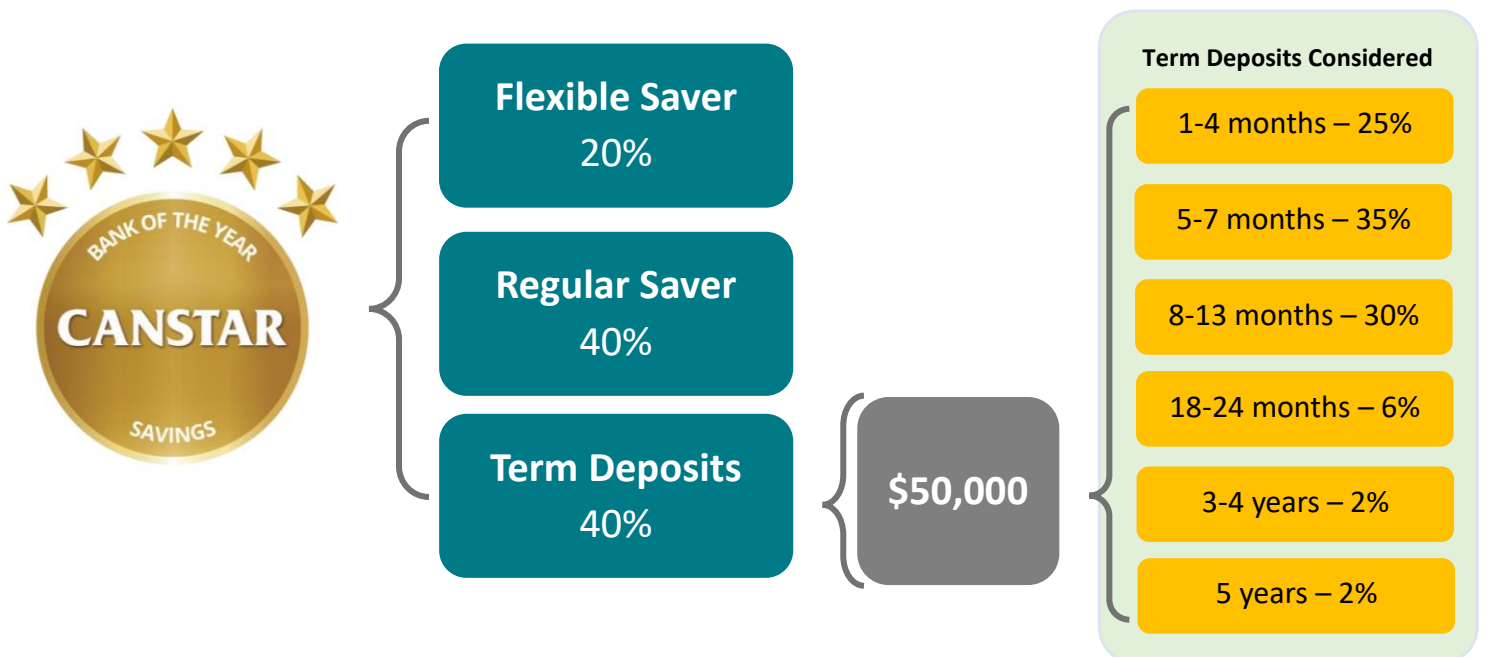
The following components of this document outline how the above calculations are utilised for the Everyday Banking and Savings Award.

## Methodology – Everyday Banking Award



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

## Methodology – Savings Award



## Everyday Banking Award – Deposit Accounts

Deposit Account products of providers are assessed by using Canstar’s Savings and Transaction Account Star Ratings which compares both the price and features of transaction accounts available within the New Zealand market. Further details on how individual products are assessed can be found in the Savings and Transaction Account Star Ratings methodology document.

### Eligibility Requirements – Transaction Accounts

To be eligible for consideration in the Everyday Banking Award, a provider must have a transaction account available in the market and information required to complete the review made available to Canstar. In addition.

### Price Score – Transaction Accounts

When assessing transaction accounts, the transaction behaviours of 100 hypothetical consumers is used to determine the transaction fees, account keeping fees and interest earned on each account, with the average net cost or benefit obtained by the consumers across the scenarios used to calculate the Price Score.

### Feature Score – Transaction Accounts

The Feature Score of each transaction account considers more than 200 product features which are scored, categorised and weighted according to a customer’s journey with the product. This comprehensive feature assessment covers:

- Research – the support, information and tools provided to assist consumers opening an account
- Application – the channels which an account can be opened, onboarding process and conditions
- Account Operation – the availability and flexibility to transact using different methods, interest earning conditions and how consumers can manage and interact with their account
- Customer Service and Support – availability of different service channels when support
- Account Closure – process and access to information about your account following closure

### Consumer Profiles – Transaction Accounts

Performance in the following consumer profiles and applicable weight is applied to calculate a Deposit Account score for the Everyday Banking Award:

Profile	Description
Full Service Transactor	For consumers who may occasionally transact through branch or phone on top of electronically. Requires full access to the account including ATM, EFTPOS, branch, point of sale and BillPay and conduct an average of 25 transactions per month.
Electronic Transactor	For consumers who mainly transact electronically. Requires full access to the account including ATM, EFTPOS, point of sale and BillPay and conduct an average of 50 transactions per month.

## Everyday Banking Award - Credit Cards

Credit Card products of providers are assessed by using Canstar's Credit Card Star Ratings which compares both the price and features of credit cards available within the New Zealand market. Further details on how individual products are assessed can be found in the Credit Card Star Ratings methodology document.

### Eligibility Requirements – Credit Cards

For credit cards to be considered in this assessment, information required to complete the review must have been made available to Canstar and credit cards assessed in the Low Rate profile must have been available in the market for a minimum of six months.

### Price Score – Credit Cards

- Low Rate & Low Fee: the Price Score for the Low Rate and Low Fee credit card profiles is based on the net cost of owning the credit card for 12 months, taking into account any annual fees and interest charged on accrued (revolving) balances as outlined in the Credit Card Star Ratings methodology.
- Rewards: The Price Score credit cards that earn rewards (including Frequent Flyer cards) are based on the Net Reward Return over 12 months. The card with the highest net reward return will receive the top price score. This is calculated by subtracting the net cost of owning the credit card for 12 months, taking into account any annual fees and interest charged on accrued (revolving) balances, and adding the dollar value of rewards earned as outlined Credit Card Star Ratings methodology.

### Feature Score – Credit Cards

The Feature Score of each credit card considers more than 250 product features which are scored, categorised and weighted according to a customer's journey with the product. This comprehensive feature assessment covers:

- Research – the support, information and tools provided to assist consumers applying for a card
- Application and Onboarding – the application process requirements and card set up
- Account Operation – the availability and flexibility to transact using different methods, interest charging conditions, how consumers can manage and interact with their account, premium card facilities and rewards program flexibility
- Customer Service and Support – availability of different service channels when support with the account is required
- Account Closure - process and fee waivers applicable when closing the account

### Consumer Profiles – Credit Cards

Performance in the following consumer profiles and applicable weight is applied to calculate a Credit Card score for the Everyday Banking Award:

Profile	Description
Rewards	For consumers seeking a credit or charge card that gives them the optimal return on their everyday spending
Flight Rewards	For consumers seeking a credit card or charge card that will allow them to redeem points for flights
Low Rate	For consumers seeking a credit card with a low interest rate and flexible repayment conditions
Low Fee	For consumers seeking a credit card with low ongoing fees and who may be looking to access some premium card facilities

## Savings Award – Savings Accounts

Each savings account reviewed for Canstar’s Savings Account Star Ratings is awarded points for its comparative pricing and for the array of positive features attached to the account. Points are aggregated to achieve a price score and a feature score. The feature score includes product specific features, such as account facilities and conditions as well as functionality of the institution’s online banking platform. Further details on how individual products are assessed can be found in the Savings and Transaction Account Star Ratings methodology document.

### Eligibility Requirements – Savings Accounts

To be eligible for consideration in the Everyday Banking Award, a provider must have a savings account available in the market and information required to complete the review made available to Canstar. In addition, for a savings account to be considered for review, it must have been available in the market for a minimum of six months.

### Price Score – Savings Accounts

When assessing savings accounts, the transaction and savings behaviours of 100 hypothetical consumers is used to determine the transaction fees, account keeping fees and interest earned on each account, with the average net cost or benefit obtained by the consumers across the scenarios used to calculate the Price Score.

### Feature Score – Savings Accounts

The Feature Score of each deposit account considers more than 200 product features which are scored, categorised and weighted according to a customer’s journey with the product. This comprehensive feature assessment covers:

- Research – the support, information and tools provided to assist consumers opening an account
- Application – the channels which an account can be opened, onboarding process and conditions
- Account Operation – the availability and flexibility to transact using different methods, interest earning conditions and how consumers can manage and interact with their account
- Customer Service and Support – availability of different service channels when support
- Account Closure – process and access to information about your account following closure

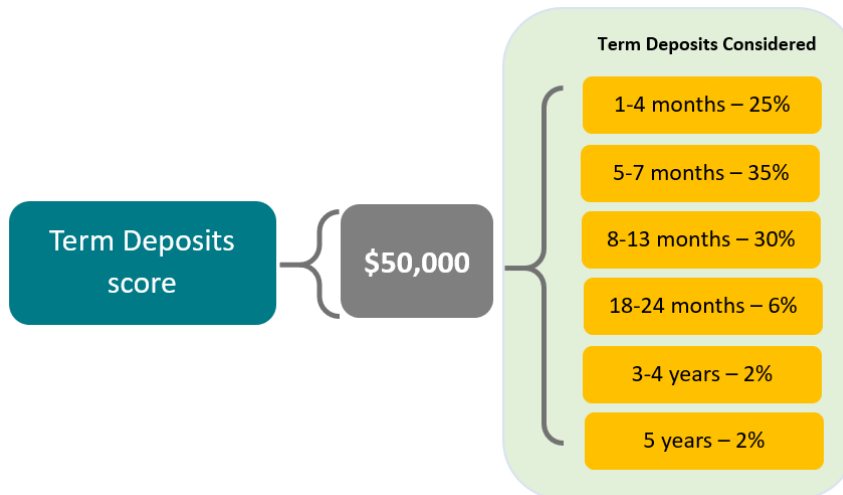
### Consumer Profiles – Savings Accounts

Performance in the following consumer profiles and applicable weight is applied to calculate a Deposit Account score for the Everyday Banking Award:

Profile	Description
Flexible Saver	For consumers looking to maximize their savings with no restrictions. To be eligible, the account must offer a base rate of 0.05% or higher on a balance of \$10,000.
Regular Saver	For more active savers who are willing to meet stricter conditions to achieve higher levels of interest. To be eligible the account must offer a total rate of 0.50% or higher on a balance of \$25,000.

## Savings Award – Term Deposits

The term deposit offering of each financial institution considered in Canstar’s Savings Award is assessed by calculating a Term Deposits Score. The 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 against the term deposit with the highest rate and weighted according to the following weight distribution.



## Does Canstar rate all products 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.

## Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, insurance and wealth products. 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](http://www.canstar.com.au) if you would like to view the latest star ratings reports of interest.

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