



March 2014

INNOVATION EXCELLENCE AWARDS

IN THIS REPORT:

We highlight seven outstanding products from the banking and insurance sectors that show true innovation in their fields. These products deserve due recognition for the creative way in which they benefit consumers.

Thought processes

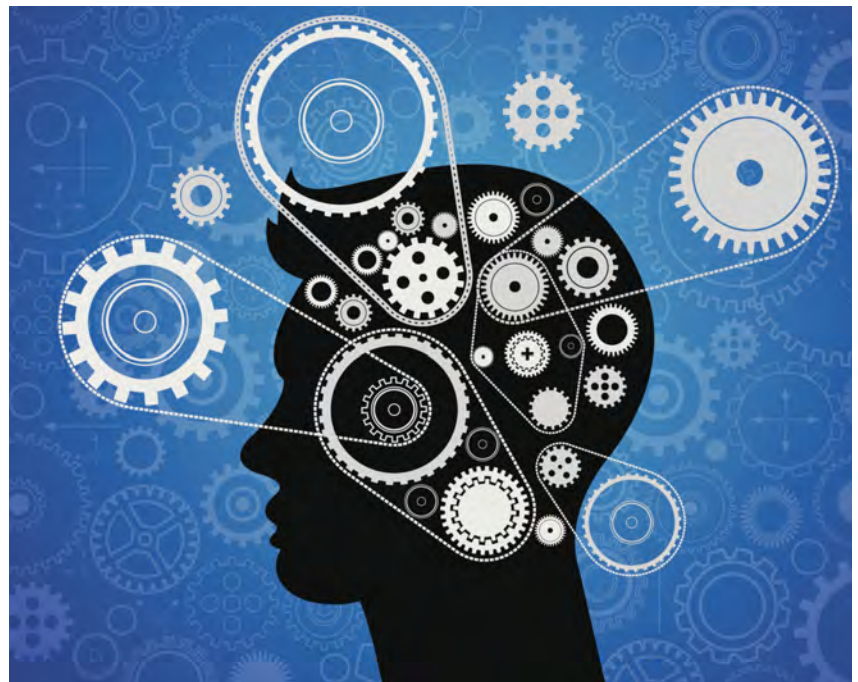
We're an innovative bunch, the Aussies. Innovation is a notoriously difficult thing to measure, but there's evidence around every corner of our numerous innovations aiding and changing people's lives all over the world.

A quick glance through the list of Australian Business Awards for Innovation winners, or a peruse of the 2013 Australian Innovation Challenge winners, reveals some truly revolutionary concepts, ideas and products being formulated within our very borders.

Indeed, the sheer number of awards distributed within Australia in the name of innovation demonstrates just how important a concept innovation is to the Australian people.

There are so many examples across so many sectors and industries we just don't have the space to explore them here. But rest assured, Australia is holding its own in the global innovation scene.

When it comes to innovation in the financial products industry, CANSTAR likes to keep an eye on just what's coming through, which new products and services are helping customers and changing lives the most, and when we find them we like to show them off. *(Products are listed in alphabetical order in this report.)*



How do we do it?

To be described as innovative, we feel a product or service should be a first and perhaps open up a new market.

We assess both the degree of innovation and the overall impact the product could have.

In terms of degree, we consider

whether there are any other similar products available, ways in which the entry is different to existing products, whether it is a "first" in Australia and whether it opens up any new markets.

We also assess the potential significance of impacts to the existing market in terms of 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.

INNOVATION EXCELLENCE – FINANCIAL SERVICES

(Products listed here in alphabetical order)



Innovation Excellence

AIA Vitality

AIA Vitality

What is the product?

AIA Vitality is a science-backed health and wellness program that engages its members and encourages the adoption of a healthier lifestyle by offering benefits and rewards – including reduced insurance premiums.

AIA Australia customers who choose to become Vitality members will undergo in-depth health assessments in order to ascertain their state of health.

They will then receive a set of clearly defined personal health goals and earn AIA Vitality points through a status-based program – bronze, silver, gold and platinum – as their health improvement goals are achieved.

The more points members earn, the higher their status and the bigger their rewards.

Already running in the UK, USA and South Africa, as well as China and Singapore, the Vitality program has more than 6 million registered users.

Partnering with South African specialist insurer Discovery (which pioneered the Vitality program in 1997), AIA is the only Australian company to offer a health and wellness program in the market that has a proven incentive structure and is also backed by scientific evidence.

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**AIA Vitality will
change the way
we interact with
our customers...**

”



All working Australians eligible for a life insurance policy can join up to AIA Vitality, and it's hoped the scheme will help both genders across all age groups.

By meeting program goals and therefore becoming healthier, members can reduce their premiums as well as unlock significant rewards across AIA's travel, retail and entertainment partners.

AIA has high hopes for the scheme: “It will change the way we interact with our customers and shape the way we design and distribute our products”.

Standout features

- Health and wellness program rewards policyholders reaching health improvement targets with reduced insurance premiums as well as other rewards.
- Science-backed program – according to AIA, it has been clinically proven that Vitality members overseas have significantly lower healthcare costs than non-members.
- Target market is young parents (30-45) with early adopter numbers expected to be largely women.
- Venture has been running overseas since 1997 and has been shown to help reduce incidents of non-communicable diseases such as cancer, and lung and heart disease.
- Offers ongoing value back to customers, rather than just at claim time.
- Incorporates the Oxford Alliance 3-4-50 model, which addresses preventative behaviours: exercise, nutrition and smoking cessation.
- Provides the tools and the motivation for members to improve their health.
- Promotes a holistic approach to health and general wellness.

CANSTAR's verdict ...

Unique in Australia (the product already runs successfully in the UK, USA, South Africa, Singapore and China), AIA Vitality is a great program that provides superb health (as well as other) benefits to consumers.

The whole system seems to be easy to understand and adapt, and the discounts help make it affordable. Providing incentives for people to take more control of their health can only be a positive thing.

www.aiavitality.com.au | 1800 848 254



INNOVATION EXCELLENCE – FINANCIAL SERVICES



Innovation Excellence

Commonwealth Bank



MyWealth

What is the product?

MyWealth is a new investment platform from the Commonwealth Bank of Australia (CBA) designed to change the way investors build, manage and protect their wealth.

Structured as an easy-to-use, substantial, personalised website, MyWealth offers a platform from which customers can keep track of their investment portfolio, banking, superannuation and insurance liabilities and assets.

It's the integration of residential property that makes MyWealth a global first – all asset classes in one portfolio under one login with what CBA describes as “a holistic ‘personal balance sheet’ view of assets and liabilities”.

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The platform provides a holistic ‘personal balance sheet’ view of an investor’s assets...

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Standout features

- Comprehensive suite of research, education and portfolio insight tools for investors gathered into one, personalised website, comprising...

- **Portfolio** – With one login, customers can get an overview of their total wealth.

- **Invest** – Opportunities for everyone, from seasoned investors to absolute beginners, to enlarge their portfolio.

- **Insurance and Super** – Essential Super account balances roll up into the consolidated portfolio view.

- **Communities** – This section is essentially a hub offering the chance to “meet” like-minded people, sharing investment strategies and insights.



- **News** – Investors can keep up with what's happening in the markets through

the Newsroom, which covers the major financial stories of the day and includes expert insights and strategies.

- **Watchlist** – A dummy portfolio giving the ability to track the performance of companies, suburbs etc. without having to invest.

- **Journal** – A space in which to capture investment decisions to aid future investments.

- **Health Checks** – Tools to check the state of the portfolio's 'health'.

- **One-off Advice** – A professional investment advisor will construct a portfolio tailored to a customer's goals and circumstances for a one-off fee.

CANSTAR's verdict ...

Though MyWealth is similar to other “wrap” platforms currently available, a couple of things help it stand above the others in the market.

Firstly, the integration of the residential property asset class is new. Secondly, and crucially, it's great that the platform caters to both new and experienced investors, and the

website's ease-of-use ensures customers don't need the assistance of an advisor in order to navigate around it. It's a platform anyone can use, opening up control of one's own finances to the layman.

Additionally, you don't have to be a customer of CommBank, although if you are it does heighten the experience.

www.mywealth.com.au | 1300 897 622



INNOVATION EXCELLENCE – FINANCIAL SERVICES



CommonwealthBank



Tap & Pay

What is the product?

A near-field communication (NFC) solution that essentially marks the next step in the introduction of the “mobile wallet” – using your mobile phone as a payment device at the checkout.

In partnership with MasterCard (and Samsung Electronics Australia for the Samsung Galaxy S4s with Tap & Pay pre-embedded), Commonwealth Bank Australia can offer its customers the opportunity to use NFC-enabled phones to pay for goods at PayPass terminals throughout Australia.

CommBank customers can pay a \$2.99 fee to activate a “PayTag” (and the associated app), which is a patch that can be stuck on the exterior of smartphones (or a device already inside the Samsung Galaxy S4), and then can use the product free for the first year.

According to CommBank, Tap & Pay “marks the next step in the introduction of a mobile wallet into our customers’ everyday lives, simplifying the convenience of payment from our phones and laying the foundations for future innovations”.



As the patch or embedded solution is linked to a customer’s account through a cloud-based solution, they can choose which payment account they would like to link to the device through the app.

In time, CommBank, in partnership with MasterCard, hopes to embed Tap & Pay in other smartphone models.

Standout features

• Using NFC technology either as a stick-on patch or embedded into a certain model of smartphone (currently only the Samsung Galaxy S4), consumers can use their mobile phone to make a payment instead of having to carry a physical card.

• Payments can be made at any of Australia’s 90,000 merchants with NFC

terminals. (There are 220,000 PayPass contactless terminals in Australia and 1.6 million merchant locations worldwide.)

• Customers can link their preferred payment account to the PayTag, allowing flexibility and choice.

• A secure payment solution – the

PayTag is backed by a 100% money-back guarantee in the case of fraud (as long as the card’s terms and conditions are followed).

• The Tap & Pay function can be turned off and on at any time by the phone user, allowing an extra level of security for the customer.

CANSTAR’s verdict ...

This Australia-first product is an exciting step towards a future of complete convenience.

The fact that Tap & Pay can be embedded into certain models of phone is unique, and it’s an element that certainly

makes paying for goods at the point of sale a much simpler and faster experience.

It seems likely that this idea could grow, incorporating more phone models, which could be great for banking customers.



INNOVATION EXCELLENCE – FINANCIAL SERVICES



Innovation Excellence



HBF Health Ltd's Easy 8

What is the product?

Easy 8 is a general treatment health insurance policy predominantly targeted at customers new to the private health insurance (PHI) market.

On entering the complex world of PHI, many new customers find it confusing, so HBF set out to combine several key features to create a simple, relevant and easy-to-understand product.

Easy 8 covers eight popular Essentials services. It has been designed to aid in the decision-making process, helping make it easier for customers to understand exactly what they are covered for and what they'll get back.

The product comprises **8** popular and commonly used services; **80%** back benefit level; **\$800** combined annual limit; and the whole thing costs about **\$8** a week.

According to HBF, Easy 8 is "a standalone general treatment

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It brings real innovation and member-led thinking into private health insurance... ”

product, keeping the value proposition simple and flexible for consumers ... it brings real innovation and member-led thinking into private health insurance”.

As well as the eight services offered under Easy 8, members are also covered for unlimited urgent ambulance, and this is not included within the \$800 limit (as ambulance costs generally range from \$400 to \$800. However, this will only benefit residents of certain states).

Standout features

- Eight popular and commonly used services combined into one, simple health insurance extras product.
- Services included are general dental, major dental, optical, physiotherapy, chiropractic, osteopathy, remedial massage and natural therapies (e.g. acupuncture, homoeopathy and aromatherapy).
- Unlimited urgent ambulance is also covered and not included in the annual limit.
- \$800 combined annual limit – designed to cut the confusion caused by having several different limits across various services.
- An 80% back benefit for all of the services, designed to cut the confusion caused by having different scales across different services. This is also a competitive percentage.
- Additional value is provided through network providers – at an HBF Member Plus dentist, for example, Easy 8 members will be able to get a fully covered scale and clean on top of their \$800 annual limit.
- Similarly, at an HBF Member Plus dentist, members will be entitled to “no gap coverage” for their children on general dental treatment up to their annual limit (i.e. 100% of the bill covered up to their annual limit).
- Another bonus available is that Easy 8 members can claim a fully covered pair of glasses up to \$300.

CANSTAR's verdict ...

The Easy 8 policy represents quite a significant step forward in extras cover.

This policy simplifies what can be a maze of limits with its factors of 8 – it costs about \$8 a week, 8 areas covered and paying 80% on claims up to \$800.

There are similar policies on the market but not one that is purely an extras policy. It potentially offers good value, too. For \$416 a year you can claim back \$800 – almost double!

It will no doubt appeal to younger health insurance customers. *(Always consider if the policy matches your needs.)*



INNOVATION EXCELLENCE – FINANCIAL SERVICES



Qantas Points Banking range

What is the product?

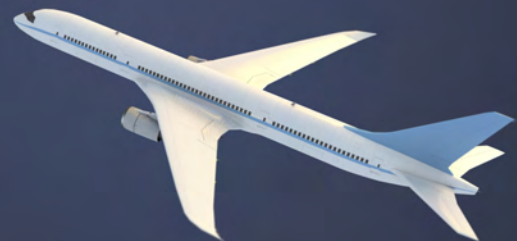
Qantas Credit Union has brought out a range of financial products that enable customers to earn Qantas Frequent Flyer points just by paying their bills.

Customers who take out either a Qantas Points Home Loan or a Qantas Points Car Loan, or who open a Qantas Points Saver account, as well as those with a Visa Platinum Credit Card, can accrue points through their regular payments or savings.

It's possible for customers to maximise the amount of points they collect in two ways: take out multiple products from the range, thus increasing the number of points they earn by quite some margin; and holding the products for a longer period of time.

Unlike many other loyalty programs, which encourage people to sign up but often don't reward customers for longevity, the principal of this suite of products is to reward customers throughout. So, the longer they take out a home loan, for

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The ability
to accelerate
the earning of
Qantas Frequent
Flyer points...
”



example, the longer they will be earning points and, of course, the more points they will earn.

According to Qantas Credit Union, a major benefit with these points-earning products is that they “offer customers the ability to accelerate the earning of Qantas Points from what they have become used to through earning points on their credit cards alone”.

Standout features

- Several financial products from one provider that enable customers to earn extra Qantas Frequent Flyer points.
- Accelerated point-earning opportunities that arise just by undertaking day-to-day tasks (paying bills, saving money).
- With the Qantas Points Saver account, customers earn 400 points for every \$1,000 of their average monthly balance per annum.

A screenshot of the Qantas Frequent Flyer website's calculator tool. The header is red with the "FREQUENT FLYER" logo and a phone number "1300 380 380". Below the header, there are tabs for "About", "Calculate", "Products", and "Apply". The "Calculate" tab is active. The main content area is titled "Calculate your Qantas Points* earn potential". It features a large digital display showing "309,897" points. Below the display, there's a section for "Qantas Points Home Loan Package" with input fields for loan amount (\$150,000) and term (30 years). To the right, there's a sidebar with buttons for "HOME LOAN", "SAVINGS", "CAR LOAN", and "CREDIT CARD". At the bottom, there's a "Request a factsheet" section.

- With the packaged home loan, customers can earn 150 points for every \$1,000 outstanding per annum.
- A handy calculator on the website (pictured here) enables customers to check just how many points they could be earning by using the various different products.
- Potential for sustained periods of point-earning. With a 30-year home loan, customers can potentially earn reward points for the whole 30 years.

CANSTAR's verdict ...

This package of points-earning products takes the concept of rewarding loyalty to an institution and runs with it!

While there is another bank offering benefits from its home loan and credit card, Qantas Credit Union pushes the boundaries by adding the extras into its range.

The fact that the rates offered with these products remain competitive means that this innovation still offers good value as well as an interesting drawcard.

The website's calculator also makes working out the potential earning fun!



INNOVATION EXCELLENCE – FINANCIAL SERVICES



Innovation Excellence



QBE's Insurance Box

What is the product?

Insurance company QBE has launched a highly innovative product designed to protect drivers on the roads and to reward those who drive carefully.

A small, self-installed telematics device that plugs into your car underneath the dashboard, Insurance Box transmits data via satellite and mobile networks to assess driver behaviour across the various categories that determine a driver's propensity to have a collision.

An online dashboard gives the driver personalised feedback on how their car is driven as well as specific alerts relating to unsafe driving practices as an incentive to become a better driver.

A unique "DriveScore" is provided to the customer, using a scale of zero to a top score of five, which shows a series of factors (e.g. harsh acceleration, hard braking, excessive speed) culminating in a trend of how a car is driven over time.

Even slight modifications in driving habits by a customer can actively influence risk premium and the DriveScore, thereby saving money and avoiding the driver being stereotyped by age, gender or postcode.

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Ideal for inexperienced and younger drivers ...

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Described by QBE as “ideal for inexperienced and younger drivers”, Insurance Box provides objective feedback and encouragement to become a better driver and thereby avoid collision, injury and potentially fatal accidents.

A bonus for young, careful drivers using this product is that the waiting time to be recognised as a “Rating 1” driver can occur in just one risk period, rather than the policyholder having to accumulate years of claim-free driving.

Standout features

- | | | |
|---|---|--|
| • Easy-to-install device (and suitable for self-installation). | here is unique (including real-time GPS while providing customer feedback). | driving skills and manage their own risks accordingly. |
| • Collects and transmits satnav data from individual cars. | • Targeted at young drivers to encourage better safety and careful driving through financial incentives (lower premiums). | • Real-time data allows the insurer superior efficiency in underwriting at an individual risk level and helps speed up the claims process. |
| • While similar products are already available in the UK, US and South Africa, the combination of product and service | • DriveScore feedback enables any drivers of a car to keep tabs on their own | • Aids in location of vehicle after theft. |

CANSTAR's verdict ...

Insurance Box is highly innovative, using interesting technology that is nice and easy to implement.

There are no installation costs (customers receive the Insurance Box in the mail along with their policy and simply plug it in) and the device cost itself is transparently listed in the overall premium at commencement of a policy.

Also, there is no ongoing device or data cost to the policyholder, so good drivers continue to save on their premiums.

The product is unique in Australia and seems to have the potential to really help alter the driving behaviour of people, particularly younger drivers, while saving them money!

www.qbe.com.au | 133 723



INNOVATION EXCELLENCE – FINANCIAL SERVICES



Westpac's Pay Pig App

What is the product?

A fun, friendly app that helps kids learn the value of saving by allowing them to accumulate their "savings" (pocket money and chore rewards).

Parents simply have to set up a chore, a deadline by which the task must be completed, a reward/payment amount to be paid to the child, and then a payday for each task or chore completed.

Children are able to set goals for themselves. According to Westpac, "kids learn the importance of earning and saving towards a long-term goal... tracking how much they have saved and the amount they still need".

The ingenuity of this app is the Payday function – once a child has completed his or her chore, the parent receives a notification

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Kids learn the importance of earning and saving towards a long-term goal...

”

and can then make a payment directly into the child's bank account – as long as the account is a Westpac account.

The app is available to anyone to use, regardless of whether or not they bank with Westpac, but the payment function is only applicable for Westpac customers.

Pay Pig is essentially bringing the children's piggy bank into the digitised 21st century.



Standout features

- An educational but fun app that enables parents to set up household chores and tasks, complete with reward offered and deadline, and on completion pay children directly into a savings account.

- Kids are able to set up savings goals, setting an amount for a particular object, e.g. a new bike. The app will then track how close they are to their goal, and how much more money they need to earn to be able to buy it.

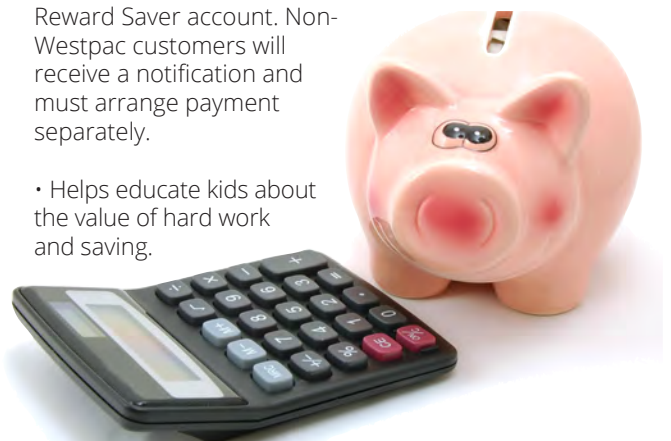
- Children (and parents) can upload pictures and personalise their profiles, adding images of their goal items and even the chores they are undertaking.

- Once a chore is completed, a notification is sent to the parent, confirming the work is done.

- At the end of the pre-determined deadline week, parents can then make a direct payment via mobile banking if the child has a

Youth Reward Saver or Kids Reward Saver account. Non-Westpac customers will receive a notification and must arrange payment separately.

- Helps educate kids about the value of hard work and saving.



CANSTAR's verdict ...

A great new approach to teach kids how to save and manage their money.

The app has received rave reviews from parents on the app site, indicating its success within families already using it, and there is plenty of potential for other banks to grab the idea and follow suit.

It's a very easy-to-use app with an intuitive layout and fun potential for children to customise their own screens.

The fact that parents can use the app to pay directly into their offspring's Westpac bank accounts is truly innovative and makes this a great product that will definitely help children learn the value of saving and working hard. It's a win-win!

www.info.westpac.com.au/paypig | 1300 655 505



AUSTRALIA'S STILL GOT TALENT

And there we have it. Proof, if it were needed, that Australia's innovation pool runneth over, particularly here, in the financial industry.

This year's awards demonstrate just what exciting and helpful innovations are taking place in various sectors of the financial industry – from handy pocket-money apps that encourage youngsters to save money *and* do the chores, to a little box that sits in your car and helps lower your car insurance premiums – provided you drive safely!

With innovation clearly alive and well, it's good to know that the future in Australia looks bright.

CANSTAR would like to congratulate all the winners of this year's Innovation awards for their fantastic, and fascinating, achievements, and look forward to sifting through next year's submissions and highlighting the best ways financial institutions and providers are bringing their products even further into the 21st century.

Vitality



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1. 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? The World?
- 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 are affected?
- Is it easy to understand and adapt?
- Is it affordable?

Depth
40%

- How significant does it 'change their lives'?

Examples: (When products are first introduced)

ATM	iPOD	Toyota PRIUS
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