

2015

INNOVATION
EXCELLENCE



Innovation Excellence

February 2015



In this report we highlight six outstanding products from the banking, superannuation, and insurance sectors that show true innovation in their fields. These products deserve due recognition for the creative way in which they benefit consumers.

INNOVATION CONTINUES TO AMAZE

Australians seem to have innovation built into their genome, with creative inventions or reinventions illuminating all fields. The banking and insurance sector is no different. Some of the products appearing every year are truly amazing and will make life a lot easier and more convenient for you, the end user.

CANSTAR is so impressed by the depth of innovation within our industry that we highlight the best every year. This time around, we chose six exciting innovations from the 44 submissions we received.

How do we define a product as innovative? Firstly, we feel a product or service should be a first in the market – even perhaps open up a new market. Then 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 product differs from the existing, 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. There is more detail about our assessment process in the attached methodology.



BT PROTECTION PLANS KEY PERSON INCOME



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What is the product?

Insurance giant BT has introduced a first for Australia – Key Person Income, a policy designed specifically to help small business in what can be a time of great need. Quite simply, this insurance protects the business revenue, should the owner or key revenue generator – for example a sales person or experienced tender specialist – have an accident or illness which temporarily affects business cashflow. Small businesses depend heavily on the skills and specialist knowledge of their owners and key employees. If these key income generators are out of the picture, even for a little while, the business can suffer a severe financial hit and, in some cases, be unable to continue.

Until the launch of Key Person Income, Australian businesses had only been able to insure against the negative impact of severe or permanent disability, death or a trauma event. The reality though is that businesses are also at significant risk of having their staff impacted by short-term disability. It's a gap in the marketplace that has been identified and filled by BT.

For small business owners, a Key Person Income policy can provide certainty and peace of mind. Key Person Income can provide a monthly benefit to the business for up to 12 months if the insured key person is unable to work due to sickness or injury.

The benefit can help to maintain cash flow, allowing the business to continue meeting expenses and loan repayments. The business may choose to use the benefit to fund the recruitment and training of a replacement. With this financial support, the business owners can maintain control and the value of the business is not jeopardised.

Standout features

- **Continual cover.** BT's Key Person Income offers worldwide cover, 24 hours a day, with a benefit period of 1 year.
- **Waiting period.** The choice of 30 or 90 day waiting period provides options for the business.
- **Range of sickness benefits.** This policy pays a benefit for partial or recurrent disability, plus elective surgery. It also provides a two-tiered disability benefit based on returning to work for 10 hours per week subject to duties criteria. It also provides a death benefit.
- **Affordable cost.** To insure a non-smoking male, aged 40 for a benefit of \$10,000 per month, the total cost to the business would be less than \$738 per year, or \$2.15 per day. (Based on male, non-smoking accountant from NSW. 30 days waiting period, 1 year benefit period and indemnity cover.)
- **Extras.** CPI increase of 3% automatically applies to the monthly benefit and there is a 5% discount on the premium if the insured person is covered by another BT Protection Plans policy.



CANSTAR's verdict ...

BT's Key Person Income insurance product is unique in the Australian marketplace, allowing small business owners to insure against the income of both themselves and their key employees. Income protection insurance has been available in the personal space for many years; this product extends that coverage concept to the more than two million small businesses in Australia.

www.bt.com.au



COMMONWEALTH BANK AUSTRALIA – CARDLESS CASH

What is the product?

Cardless Cash is a first-of-its-kind service in Australia allowing CommBank customers to withdraw up to \$200 per day in cash at most CommBank ATMs without using a card, simply by using the CommBank app on their smartphones.

Cardless Cash addresses a common customer need by providing easy access to cash in situations when it's needed most – a lost or stolen card, or the simple act of leaving a wallet at home. Cardless Cash even allows a loved one to collect the cash. This function can provide assistance to a friend or family in emergency situations and takes the mobile wallet concept to the next level.

From the CommBank app, customers can select “Cardless Cash”. The app will generate two secure codes and point customers to the nearest ATM for collection. Customers then have up to 30 minutes to key in those two codes at the ATM to collect their cash.

Standout features

- **Free.** Cardless Cash is available to all CommBank app customers free of charge.
- **Easy.** The feature on the CommBank app is clear and easy to use, especially for first-timers.
- **Wide Appeal.** CommBank was first to leverage an app-based solution, opening up the functionality to all CBA customers and the largest ATM network in Australia – over 3,000 CommBank ATMs across the country from day one of the service.
- **Secure.** When the Cardless Cash is requested and secure cash code and cash PIN sent directly to the customer's phone, customers have 30 minutes to get to the designated ATM and pick up the money. CommBank says of 70% of withdrawals are completed in less than 30 seconds, showing how fast and convenient the service is.



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CANSTAR's verdict ...

The majority of Australian adults have a smartphone; it makes sense that this device should also double as a means to withdraw cash from an ATM. Commonwealth Bank was first to market, integrating its Cardless Cash feature into its CommBank app. This elegant technology certainly gave the CANSTAR researchers the “wow” factor and we predict both a wide take-up and wider rollout across the industry.

www.commbank.com.au



COMMONWEALTH BANK AUSTRALIA – DAILY IQ

What is the product?

Daily IQ is the Commonwealth Bank's new analytics app for business customers. It offers business banking customers a comprehensive suite of intelligent solutions designed to help them make more informed decisions and improve the performance of their businesses.

Daily IQ delivers tailored analytics for business customers to view anytime, anywhere on their iPads or other tablets. To do this, it leverages an extensive range of data sources, specific to the customer's business. It compiles millions of transactions processed by CommBank, and distils them into various competitor and geographic insights to enable business owners to see how their business is tracking at any particular time.

This user-friendly, uncomplicated information allows CommBank customers to understand their current position by providing a cash flow tracker, cash flow projections, working capital calculator, merchant and customer insights. Daily IQ also provides a national and global perspective with share market updates, key economic commentary, business articles, videos and Twitter updates.



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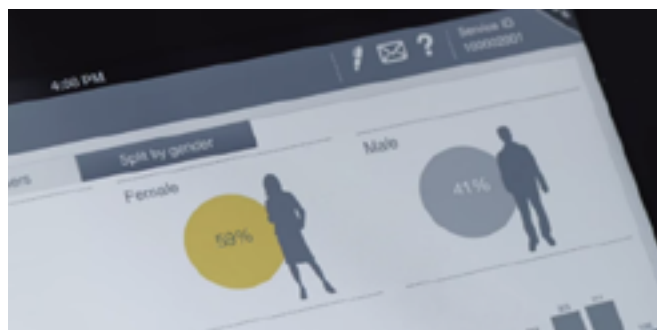


Standout features

- **Free.** Daily IQ is free for CommBiz customers. It provides a wealth of data that can assist in enhancing business planning and strategic development.
- **Real time tracking.** Ability to track cash flow and identify trends, helping to optimise cash flow, as well as the ability to view when and where sales take place, including average transaction size.
- **Integrated use of data.** Tailored information and data specific to their business without any manual manipulation of data. Also provides capability to share dashboards in the app with the ability to annotate and email any screen from within the app.
- **Competitive advantage.** The overall package, with daily updated insights, historical patterns and future trends enables business owners to gain a better understanding of customers and spending patterns, enabling the identification of new target markets.
- **Mobility.** Customers can stay in control on their business anywhere, anytime from their iPad.

CANSTAR'S verdict...

The 2 million-odd small businesses in Australia are the backbone of our economy but they currently face some significant competitive challenges. Hard-working business owners have little time to research or source and analyse market trends and insights, cashflow and competitor performance, yet this information is essential for the ongoing success of their business. The Commonwealth Bank's Daily IQ analytics app packages all this information into a user-friendly format ideal for busy business owners. The design is elegant and the information spot on – definitely a wow factor.



www.commbank.com.au

COMMONWEALTH BANK AUSTRALIA – LOCK, BLOCK, LIMIT

What is the product?

CommBank's Australian-first security innovation 'Lock, Block, Limit' offers unprecedented real-time control over credit card security by blocking transaction types, limiting spend or locking a misplaced credit card. This is done through the CommBank app or NetBank.

With the ability to Lock, Block or Limit, customers can lock international online and in-store payments, block ATM cash advances or limit their spend per transaction and then unlock these only when required. This proactive functionality goes beyond the traditional focus of bank fraud detection systems which identify abnormal transaction or spend patterns. Instead it gives customers the ability to be on the front foot when it comes to management of their own credit card. Using this system, customers will be alerted to any transactions that have been attempted and blocked. This gives customers a heightened sense of confidence and control that the credit card is not being used without their knowledge.

Customers can also place a temporary lock on their credit card if they have misplaced it. According to Commonwealth Bank research, 61% of cancelled credit cards are simply misplaced, so temporary lock removes the frustration for a customer of going through the cancellation process, only to find their card again.



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CommonwealthBank



Standout features

- **Free.** Lock, Block, Limit is available free of charge to all CommBank credit card customers with access to the CommBank app or NetBank.
- **Enhanced security.** Primary card holders can lock in-store and online international payments. This will block all transactions made at a merchant terminal outside Australia where the card is physically present. Customers can keep this locked when not overseas.
- **Lock ATM cash advances.** This will block all cash withdrawals or cash transfers using the credit card account at any ATM, both domestically and overseas. Customers who never withdraw cash from their credit card can keep this locked.
- **Limit per transaction.** Set a limit to control how much can be spent in one transaction. Once the primary cardholder has set a transaction limit, transactions over this limit will be declined.
- **Convenience.** According to CommBank, more than 11 million credit cards are reported lost or stolen in Australia each year. Seven million of those are recoverable. The convenience of using an app to temporarily lock your credit card while you look for it is terrific.

CANSTAR'S verdict...

An Australian first, Commonwealth Bank's Lock, Block, Limit function provides CommBank credit card holders with unprecedented real time control over their spending via transaction limits, as well as the ability to temporarily lock their credit card if it has been misplaced. The ease with which customers can perform both these functions is truly innovative and puts card security firmly in the control of consumers. The function has wide application and we expect to see other financial providers following suit.

www.commbank.com.au



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MERCER (AUSTRALIA) – MERCER LIFETIMEPLUS

What is the product?

Australians are living longer with many expected to live well into their late 80s and 90s, meaning retirement could last 25 years or more. Global health and retirement specialist, Mercer, has developed a product to help retirees manage the risk of their retirement savings running out as they age. Mercer LifetimePlus is designed to improve the income of retirees at older ages and provide an income for as long as they live.

Mercer's LifetimePlus is a world-first pooled mortality investment fund which is an investment option within an account-based pension that can generate an income for life. It's different because it combines an investment strategy focussed on capital preservation with a unique longevity pool structure so members share the risk together. There is no third party shareholder and no insurance premiums.

Currently the only lifetime income option for retirees is a lifetime annuity insurance product, which is not a popularly-used option for retirees. The Mercer LifetimePlus product offers the stability of a lifetime income within the flexibility of an account-based pension.

This product operates seamlessly within an existing account-based pension structure. There's no need to change Funds, so it can be considered reasonably straightforward and cost effective. Your financial advisor will help.

Standout features

- **Unique income structure.** Mercer LifetimePlus provides three types of income: Investment earnings distributions, living bonus payments and capital return payments.
- **Self-insurance against longevity risk.** The unique pooled self-insurance aspect of the fund protects against mortality risk without the need to involve third-party shareholders or to pay insurance premiums.
- **Convenient.** The product can be used within the structure of the customer's existing account-based pension, removing the need to roll money from one fund to another.



CANSTAR'S VERDICT...

The Mercer LifetimePlus product is unique in the retirement income market, combining both investment control for the retiree with protection against longevity risk. With Australians enjoying one of the longest life expectancies in the world, and successive Intergenerational Reports flagging the sustainability of our welfare system as a significant concern, this product addresses a very real retirement income need. The product turns longevity risk on its head, with the product effectively insuring against long life, rather than against death.

www.mercer.com.au



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TRANSPORT MUTUAL CREDIT UNION – FREEWHEEL BICYCLE LOAN

What is the product?

The growing attraction of riding bikes to work, as well as involving the whole family in two-wheel fun at the weekend, is behind the push to get more people into the saddle for less. Sydney-based Transport Mutual Credit Union has launched a truly unique scheme to encourage a healthy active lifestyle. It's a FreeWheel Bicycle Loan where you pay no interest and no fees. No joke, it really is completely free, apart from paying back the principle borrowed.

Transport Mutual has financed thousands of cars with their low-rate loans over the years and now they acknowledge there is an environmental cost attached to motoring. Financing bike purchase for no extra cost to the customer is a perfect fit for Transport Mutual's values and social responsibility.

With the purchase prices of bikes ranging from \$100 to \$1000 – more, if you want to hit the velodrome – Transport Mutual offers you the chance to spread your repayments out over two years and not pay one extra cent in fees or interest. You can't get a much better deal than that.

Think about reducing your commuting expense, as you zip into the workplace on the ever-expanding network of bicycle lanes. Then there is the weekend recreational fun to be had by the weekend warrior. This loan opens up a whole new world of two-wheeled possibilities.

Standout features

- **First for Australia.** There is other bicycle finance in Australia but with a catch – a short period of interest-free, after which interest kicks in, a requirement to take out a credit card and ongoing monthly fees. Transport Mutual's FreeWheel Bicycle Loan is completely free of interest and charges.
- **Quick approval.** Because there are no catches, the loan application is a very quick process and customers receive conditional approval within a day.
- **Upscale to a better bike.** Because you can pay the loan off over 2 years, if you wish you can take the opportunity to buy a better quality bike that enhances your enjoyment of riding.
- **Bike shops on board.** The FreeWheel product has been eagerly embraced by Bicycle NSW, bicycle retailer and bicycle user groups.

CANSTAR's verdict ...

While it's a reasonably niche product and offer, the Transport Mutual Credit Union FreeWheel Bicycle Loan has a definite wow factor. While some retail outlets across various product categories offer their own interest free consumer credit packages when goods are bought, the FreeWheel Bicycle Loan does not tie customers into purchasing a particular product from a particular retailer.

And with the majority of Australians needing a little more exercise, we also felt that it was a terrific example of community engagement.

www.transportmutual.com.au



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transport
mutual
credit union



VARIETY: THE SPICE OF INNOVATION

Our financial industry is one of the most vibrant in the world. Banks, superannuation funds, and insurers are constantly working on creating new ways, new products, new services to give Australian consumers the edge. The mere fact that we were deluged with 44 products competing for this year's CANSTAR Innovation Awards proves how truly creative the financial sector continues to be.

The six products and services showcased as this year Innovation Award winners are as different as they are exciting. From cardless cash at ATMs, giving greater income certainty for retirees, to a mobile app that lets you lock your lost credit card, and more. The level of innovation is truly breathtaking and will change the way we, as users, think about 'basic' products and services.

If there's one thing that's certain, it's change. We congratulate all six winners of the 2015 Innovation Awards and look forward to opening up the innovation box again next year when it's



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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
How different/ Unique? 45%	✓✓✓✓✓	✓✓✓	✓✓✓
How disruptive? 30%	✓✓✓✓	✓✓✓✓✓	✓✓
'Wow' factor? 25%	✓✓✓✓	✓✓✓✓✓	✓✓
Breadth 60%	✓✓✓	✓✓✓✓✓	✓✓
Depth 40%	✓✓✓✓	✓✓✓✓	✓✓