

2015

AWARD
REPORT



Bank of the Year
Small Business Award



Bank of the Year – Small Business

August 2015

Foreword

There were over 2.1 million actively trading businesses in Australia at this time last year. That sets the scene for solid and very competitive business banking products among our financial institutions in Australia.

Despite the vast array of different business operations, they all have one thing in common: the need for a good set of banking products designed to enhance a business' own unique setup.

Every year, we put financial institutions' business offerings under the microscope to identify levels of excellence and ultimately announce the winner of the Bank of the Year – Small Business. Analysing the products and services that banking institutions offer this vital sector of the community is complex. Naturally, we look at the range of dedicated products – such as transaction and savings accounts, credit cards and loans – but we also scrutinize the features a bank offers to help small business every step of the way. A great deal depends on how easy the product is to use in relation to the way your business operates, and the amount of support offered by your financial institution can be a deal breaker.

For those who bank a little or a lot, CANSTAR's in-depth research and comparison into business banking saves you precious time. It's a good starting point for either benchmarking your existing bank or, if you are about to open a new business, it will give you an overall picture of what to expect from whom.



Mitchell Watson
Research Manager

SMALL BUSINESS PUTS ON A BIG FACE

Business numbers increased by 1% between June 2013 and June 2014, taking the total of actively trading businesses in Australia to just over 2.1 million according to the Australian Bureau of Statistics. Most of these businesses were family businesses. Overall there has been an increase of 20,496 active businesses in Australia since June 2013. This was due to more new business registrations, as well as a decline in the exit rate of businesses.

The largest number of Australian businesses were in the Construction industry (16.1%), followed by Professional, Scientific and Technical Services (11.9%) and Rental, Hiring and Real Estate Services (10.9%).



“HAVE A GO”, SAYS HOCKEY

At a recent Small Business Council Summit in Sydney, Federal Treasurer, Joe Hockey, couldn't hide his enthusiasm for urging Aussies to consider including China in their business plans. By 2030, China and India, he said, would be home to over 2 billion middle-class consumers, opening up a massive opportunity for small business here in Australia.

According to Mr Hockey, these markets are looking for what we can provide: excellent quality healthcare, educational services, quality aged care, architectural services, financial services, building and construction services and more. Already, he enthused, 5,600 Australian small businesses are currently engaged directly in business in China. Another 4,800 are trading with China through Hong Kong, and a further 3,000 have a physical presence in China. The opportunities for reward exist for any business who wants to 'have a go'.

The government started the small business ball rolling back in May when it announced a \$5.5 billion package to help small business invest, grow and employ more. The centrepiece of this initiative was the ability to deduct assets of up to \$20,000 up until the end of June 2017. Other small business sweeteners included a tax cut for companies and a tax discount for small non-incorporated businesses. All in all, it was a package designed to boost confidence in the small business sector.

IS UTILISING THE \$20,000 WRITE OFF A GOOD IDEA?

A \$20,000 instant tax deduction sounds tempting – but is it really a good idea. As always, something is really only a bargain if you needed it in the first place.

As with any business purchase or investment, the most important thing to consider is the commercial returns that that investment is likely to deliver. There is no point buying or investing in something just to get a tax deduction. If you are buying, say, a till for a shop or a forklift for a warehouse, the most important thing is to be sure that there is a genuine business need for that piece of machinery.

“

“(To claim the deduction) You will need to be a “small business entity” which means that you will need to be carrying on a business in the current year, it is not enough to merely have a current ABN. If you do some consulting work or run a business on the side, you will need to satisfy the definition of “small business entity” in relation to that consulting work or side business.

If you then make a big purchase, say on a computer or some office furniture you will have additional hoops that you will need to get through in order to be able to deduct losses incurred from the consulting work or in the small business against your other income.”

*Tristan Webb, National Tax Director
– Tax Advisory Crowe Horwath.*

WHAT DO SMALL BUSINESSES NEED FROM A FINANCIAL INSTITUTION?

The importance of government and service provider recognition that small businesses are run by real people cannot be overestimated. This individuality of small business means there is no “one size fits all” banking solution. Nevertheless, there are some common financial products and services that most businesses will, to a greater or lesser extent, require. In addition to outstanding value business finance and deposit products, CANSTAR also looks for the following institutional factors in determining the quality of small business relationship offering:



Online banking functionality

Personalised service is crucial – but small businesses also require excellent online banking functionality for sales, purchases and payroll facility. That includes general mobile banking, internet banking (the secure login) and website (the public, unsecure side of the website) functionality, as well as easily accessible small-business specific tools and information.



Branch coverage

While much banking these days is done electronically, there are still important business functions that are best done in a branch. APRA points of presence data and ABS population data are used to determine the number of branches per person in each state and those with a ratio of one branch to 20,000 of population are given the top score.



Merchant services

“Merchant services” refer to the payment terminal used by the business and is the method of accepting card payments.



Other business services and advice

Small business is a diverse community encompassing businesses across numerous industries and at every stage of life. While all businesses have the common goal of surviving and thriving, each business will require a different path – and potentially, a different combination of financial products and coaching – to get there.



Business Insights and Education

Small businesses tend to be time-intensive, with most owners being hands-on in the day-to-day requirements. This can leave little time for research. Financial institutions can add a great deal of value to their small business clients by the provision of online economic and industry insights, analysis and education tools. It is in the interests of financial institutions for their customers to succeed financially and they can potentially play an important mentorship role.



Relationship manager availability

Despite the increasing prevalence of online transacting and banking self-service, for the many time-poor small business owners the human factor is still an important feature in a good banking relationship. Whether face to face or on the telephone, the availability of well-trained, knowledgeable and productive relationship managers is paramount to the ongoing success of both the small business and the relevant division within a financial institution.

WHO OFFERS OUTSTANDING VALUE?

This year, CANSTAR congratulates the **Commonwealth Bank** on taking out the award for Bank of the Year – Small Business.



Products

Loans – The official cash rate is down but the business loans market is nevertheless highly competitive.

Commonwealth Bank offers a comprehensive suite of loans across both term loans and overdrafts and against both residential and commercial security.

Cards – Commonwealth Bank offers a number of competitive business credit cards including both rewards cards and low rate cards, in addition to its Business Interest-Free Days credit card, offering 55 days interest-free. Great for smoothing business cash flow.

Deposits – Commonwealth Bank offers a wide range of business deposit accounts with a balance between interest rate, fees and features. One outstanding product is the Premium Business Cheque Account, which allows unlimited electronic transactions, up to 40 free staff assisted transactions and a \$15 account keeping fee waived if the account balance remains above \$10,000 during the month.

Other outstanding products include the Business Transaction Account, which has a \$10 account keeping fee waived if a merchant facility is linked to the account. It allows access to unlimited electronic transactions and up to 30 staff-assisted transactions.

With easy access to your money via online or phone banking, over-the-counter and ATMs, Commonwealth's extensive access channels makes everyday banking easy.

Institutional factors

Commonwealth Bank has also scored very well on institutional factors. Its branch coverage is impressive and it offers outstanding merchant facility services and award-winning online functionality.

Everyone needs a dose of Daily IQ

Daily IQ is the Commonwealth Bank's new, free, 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. This elegantly-designed app impressed us so much with its Wow Factor, CANSTAR gave it an Innovation Award this year.

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.

CANSTAR congratulates Commonwealth Bank on winning the Bank of the Year – Small Business award.



CANSTAR Q & A

IN LIGHT OF THE WIN CANSTAR CAUGHT UP WITH COMMONWEALTH BANK, FOR SOME INSIGHTS INTO SMALL BUSINESS OPPORTUNITIES AND CHALLENGES, AS WELL AS THE IMPORTANCE OF A TAILORED BANKING SOLUTION.

Q: From analysis that your team does, what are some of the key opportunities and challenges for small business currently in Australia?

A: Small businesses are needing to deal with change more than ever. In particular change in technology, customer expectations and competitor & market conditions. And the change is happening faster than ever.

Digital change is a fantastic opportunity given the convenience and efficiency of using digital channels. For example innovative payments solutions ensure businesses get paid quickly and therefore are better able to manage cash flow. However given the ever-changing face of technology, keeping up with the latest innovation and shifting operationally to incorporate digital changes can take a toll on the business. Customers' expectations are also changing – everything needs to be faster and better. In the world of technology, consumers are expecting instant gratification. If a consumer is unhappy with a product, they jump straight onto social media to provide their thoughts and feedback and expect rectification and a response almost immediately. And the continued increase in globalisation coupled with lower barriers of entry allows start-ups to emerge quickly. This increases competition for existing businesses and forces them to remain relevant and maintain market share. However, it's a great opportunity for start-ups to set themselves up quickly although the challenge will be to survive.

Small businesses need to continually evolve and adapt to change, the constant pivoting of their business to ensure they are meeting their customers' needs and ahead of the competitors and evolving with technology is both a challenge and an exciting opportunity.

Q: You have some terrific resources for time-poor business owners, including your 24 hour call centre and video conferencing. Why were these services introduced?

A: We understand that the needs of our customers do not magically disappear after 5pm on a Friday, or on Public Holidays. As such, our award winning 24/7 Business Service Centre has been a foundation of our small business service model for the past 4 years. Our decision to establish this service model was driven by a number of factors:

- Customer demand and feedback: our customer feedback wanted us to be doing business in the hours that they were... in other words, all the time!
- Introduction of real-time banking and technology: with 24/7 real-time banking technology comes the need for 24/7 real-time support.

When designing the CBA Branch of the Future, we identified a need to provide branch customers with access to speak face-to-face with a business banking specialist immediately, regardless of whether a local business banker was available in the branch at the time. Through the introduction of in-branch Video Conferencing, we have provided this service and the customer feedback has been outstanding.

Q: How important is it for small business owners to have a tailored banking solution?

A: Every small business is unique whether it be a different company structure or operating framework, at a certain business lifecycle stage or managing mismatch between supply and demand. As a result, each business's financial needs are unique and having a tailored banking solution is necessary.

A tailored banking solution provides extreme convenience for business owners. We often hear business owners having difficulty managing unexpected and seasonal cash flow issues. Having the right products and services to manage these allows the business owner to be at ease and have more time to spend on reaching the business' goals as opposed to worrying about how much money they have in their bank account and whether they have enough funds to pay their suppliers.

Q: The DailyIQ app is fantastic. What are some of the most popular/heavily used features of the app?

A: With approximately 40 per cent of Australia's consumer transactions going through our systems every day, only CommBank has the volume of data required to provide the depth of insights contained in Daily IQ. However, what's more important is helping customers understand the story the data is telling. As a result, the interactive nature and visual interpretation of the data enables customers to quickly and easily understand what it means for their business.

The most popular features of the App used are:

- **Customer Insights:** Accessing customer demographics, a retailer was able to identify key customer segments, spending patterns and changes in spending behaviour. This enabled them to create targeted marketing campaigns and use appropriate marketing channels to generate sales
- **Merchant Insights:** One of our customers used their average transaction size data and identified fluctuating trading periods to create incentives to increase sales and minimise costs by managing resources better.

Albert – our next-generation EFTPOS tablet – has also been a standout for small business. The capability of using Albert to build unique, interactive and customisable solutions to focus on enhancing customers experience, is what truly makes this product standout on a global scale. This benefits not only the customer who has a positive experience, but also the business who will experience customer loyalty. Since launch, Albert has experienced significant take-up across the retail, hospitality, government and not-for profit sectors.

Our Pi Business Network has grown to over 2,000 developers. We have in excess of 30 apps in the development pipeline ranging from point of sale solutions, social media monitoring and loyalty redemption.



METHODOLOGY

BANK OF THE YEAR

SMALL BUSINESS AWARD

What are the CANSTAR Business Banking Star Ratings?

CANSTAR *Business Banking Star Ratings* use a sophisticated rating methodology, unique to CANSTAR, which compares the dominant business banking products in Australia. The ratings are aimed at small businesses of varying sizes, with profiles and loan sizes to suit. The specific loan and deposit values are outlined below, and range up to \$500,000.

The results are reflected in a consumer-friendly five-star concept. The star ratings from the CANSTAR *Business Banking Star Ratings* go from a “rising star” through to a five-star product signifying outstanding value.

Rising Stars are allocated to those products that would be rated five-star but have not been in the market for more than six months. Rising Star products will be formally rated in the next rating period once more historical data is available for the applicable product area.

The three business banking products that are given star ratings include:

1. Business loans
2. Business deposits
3. Business credit cards

What is the CANSTAR Bank of the Year – Small Business award?

In conjunction with the Business Banking Star Ratings, CANSTAR *Bank of the Year – Small Business* is awarded to the institution that provides the strongest combination of products across the Business Banking Star Ratings profiles, as well as excelling in a range of institutional factors. The award aims to give recognition to the institution that backs up quality products with great service to small businesses. Institutional factors that were considered include:

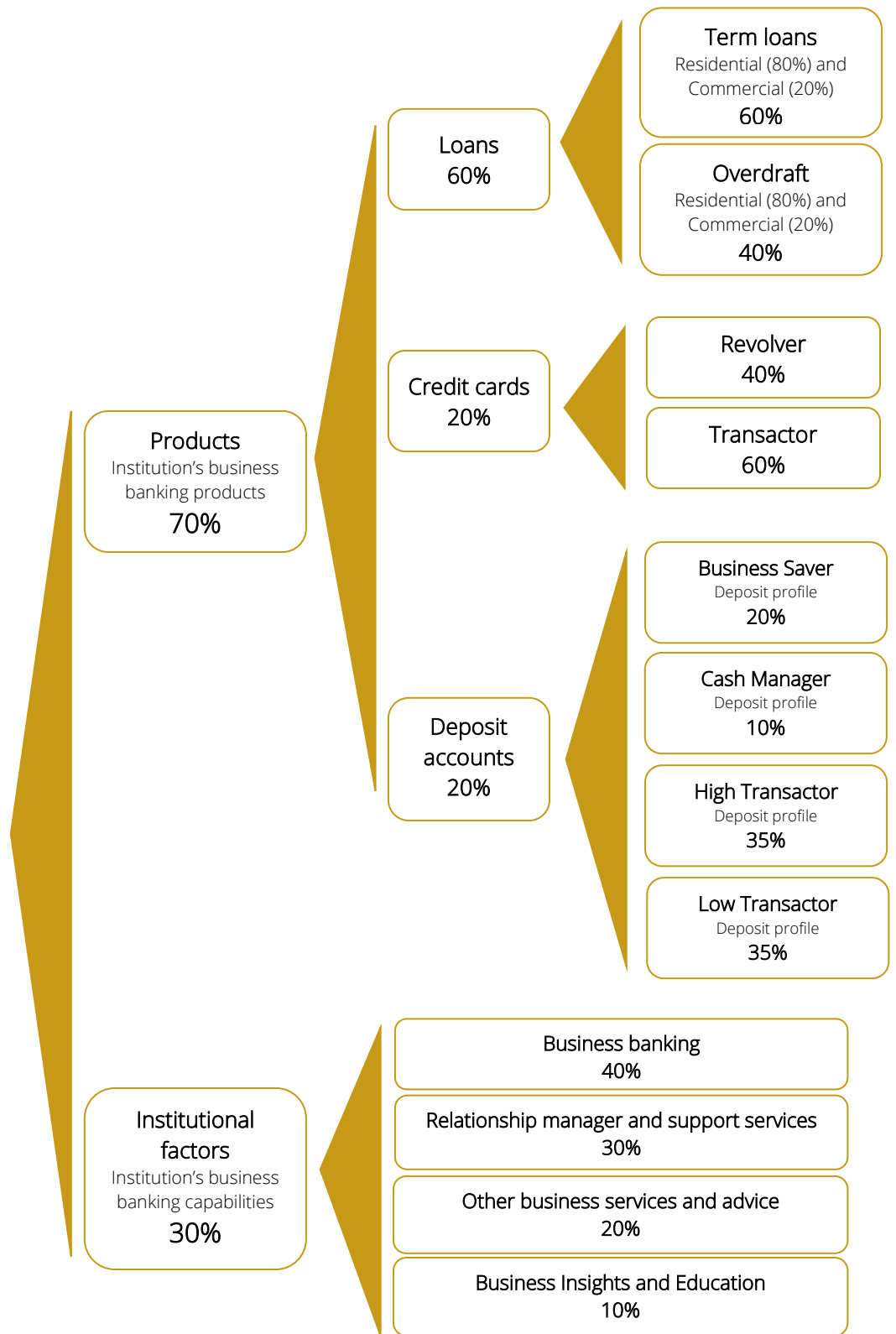
- Branch coverage
- Relationship manager availability
- Online banking functionality
- Merchant services
- Other business services and advice
- Business insights and education

To be eligible for the award, institutions must:

- Offer loans, credit cards, and deposit accounts to businesses
- Have a branch network in a majority of states/territories.

The breakdown of weighting for each category is displayed in the following methodology tree.

Bank of the Year – Small Business – Methodology tree



Institutional factors

Institutional Factors	Weighting
Business Banking	40%
Branches	50%
Branch Coverage	95%
Branch and ATM Functionality	5%
Online Banking Functionality	25%
Payment Services	25%
Relationship Manager and Support Services	30%
Relationship Manager Coverage	80%
Support Services	20%
Other Business Services and Advice	20%
Start Ups	10%
Risk Management	25%
Small Business Packages	30%
Equipment Finance	25%
Disaster Relief and Support	10%
Business Insights and Education	10%

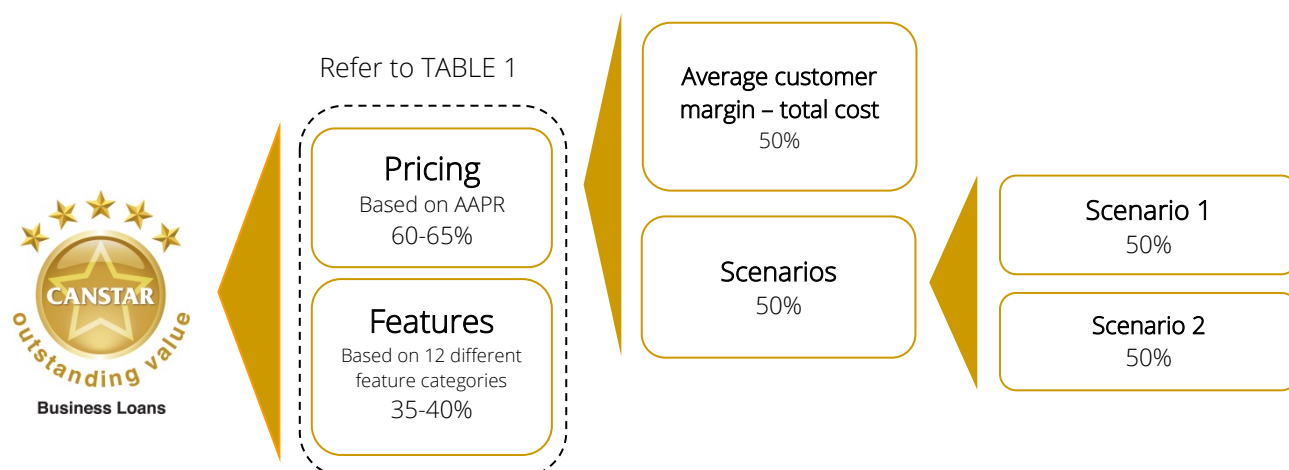
Institutional factors	Weighting
Online banking functionality	25%
Transaction history	25%
Payroll	25%
Payments	15%
Security limits	15%
Self service	20%

Business Loan Star Ratings

To arrive at the total score, CANSTAR applies a weight (w) against the Pricing (P) and Features (F). This weight will vary for each product category and will reflect the relative importance of either costs or features in determining the best business loan. This method can be summarised as:

$$\text{TOTAL SCORE (T)} = \text{PRICING (P)} + \text{FEATURES SCORE (F)}$$

Refer to TABLE 1



Residential and commercial-secured term loans and overdrafts were eligible to be considered in the *Business Loans Star Ratings*. CANSTAR understands that businesses use different forms of security. We also understand that some businesses require a one-time loan while others require access to a revolving line of credit. CANSTAR has separated the Business Loans star ratings into the four categories listed in TABLE 1 in recognition of these differences.

TABLE 1 also highlights the contribution of the pricing and features value components for each of the four categories.

TABLE 1 - Business Loans star ratings components

PRODUCT CATEGORY	PRICING	FEATURES
Residential secured term loans	65%	35%
Commercial secured term loans	65%	35%
Residential secured overdrafts	60%	40%
Commercial secured overdrafts	60%	40%

Pricing component

The purpose of the *Business Loans Star Ratings* is to determine which products are best suited for a broad cross-section of business loan users. Because of this general focus, CANSTAR calculated the total cost for each product using a combination of the base rate, customer margins supplied by institutions, upfront and ongoing fees on two different loan amounts and also for two different business scenarios (see TABLE 2). The product with the lowest average total cost is then awarded the highest pricing score for the product category to which it belongs.

TABLE 2 – Business Loans pricing scenarios

	RESIDENTIAL PROPERTY SECURITY		COMMERCIAL PROPERTY SECURITY	
	TERM LOAN	OVERDRAFT	TERM LOAN	OVERDRAFT
LOAN CALCULATION TERM	10 YEARS	5 YEARS	10 YEARS	5 YEARS
AMOUNT 1	\$250,000 (50%)	\$50,000 (50%)	\$250,000 (50%)	\$50,000 (50%)
AMOUNT 2	\$500,000 (50%)	\$125,000 (50%)	\$500,000 (50%)	\$125,000 (50%)

The overdraft pricing calculation is based on a 50% utilisation of the facility.

Features component

More than 100 individual features of each loan and overdraft are scored for positive traits and awarded a FEATURES score. TABLE 3 below highlights the contribution of the various groups of information to award the business loans FEATURES score.

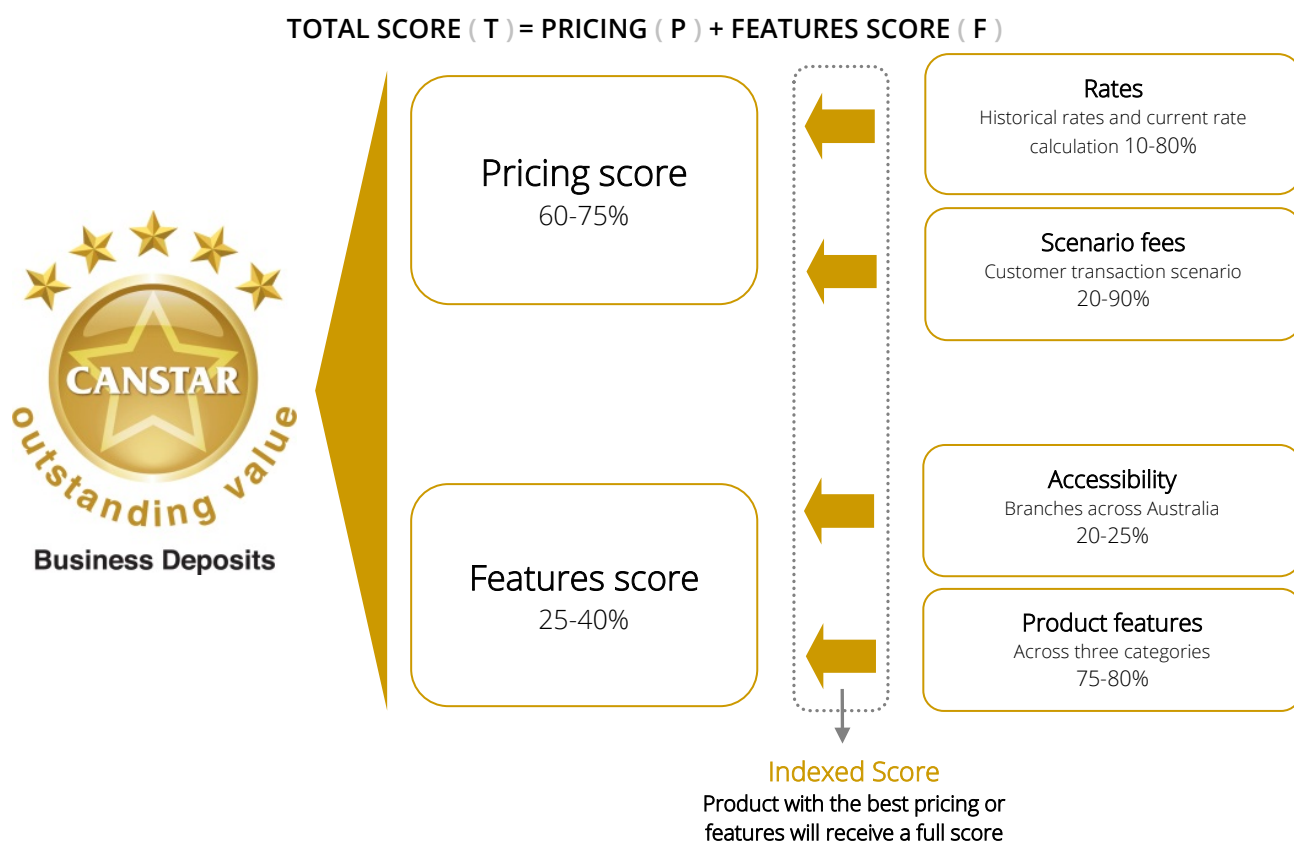
TABLE 3 – Business Loans feature weights

Feature category	Term loans	Overdrafts
Lending terms	30%	20%
Security accepted	5%	5%
Redraw facility	15%	-
Lending area	5%	5%
Portability	10%	5%
Loan purposes availability	10%	10%
Repayment capabilities	10%	-
Split facility	5%	-
Switching facility	5%	-
Overdraft terms	-	50%*
Online security	5%	5%

*Overdraft terms takes the linked accounts score from the business transaction account star ratings with a weighting of 50% High and 50% Low Transactor.

Business Deposit Account Star Ratings

To arrive at the total score, CANSTAR applies a weight (w) against the P and F. This weight will vary for each profile and will reflect the relative importance of either costs or features in determining the best value business deposit account. This method can be summarised as:



All cash management accounts, transaction accounts and internet accounts specifically marketed to small businesses are eligible to be included in the *Business Deposit Account Star Ratings*.

Profile	Pricing score	Features score
Low Transactor	60%	40%
High Transactor	60%	40%
Cash Manager	60%	40%
Business Saver	75%	25%

Pricing score

The pricing score of the business deposits is broken down into two components; Rates and Fees. The weighting of each component to the customer profile differs and the weightings we apply are displayed in the table below.

Profiles	Rates	Transaction Scenario	Saving Scenario
Business Saver	60%	10%	30%
Low Transactor	10%	90%	-
High Transactor	10%	90%	-
Cash Manager	60%	40%	-

Interest Rate

Interest paid on business savings accounts is an important component of the business saver profiles. The average interest rate paid across three nominated account balances is used to establish the account that pays the highest

overall interest. The product found to pay the highest average rate based on the weightings in the table below receives the highest Rate score.

Historical rate balances

	Business Saver	Low Transactor	High Transactor	Cash Manager
Balance 1	\$10,000	\$5,000	\$5,000	\$10,000
Balance 2	\$50,000	\$10,000	\$10,000	\$50,000
Balance 3	\$150,000	\$20,000	\$20,000	\$100,000

Balances weightings

The historical balances have a different level of importance to the profiles. The historical rates score is calculated using the percentages below.

Balances	Business Cash Manager	Other profiles
Balance 1	25%	35%
Balance 2	40%	35%
Balance 3	35%	30%

Rate Type Weightings

The types of rates relevant and offered in the market are considered in our calculations and weight is applied appropriately depending on profile.

Profile	Base Rate	Total Rate
Business Saver*	70%	30%
Cash Manager	100%	-
High Transactor	100%	-
Low Transactor	100%	-
*The total rate for Business Saver includes the base rate and any promotional rate offered		

Fees – transaction scenario

The scenario analysis is conducted using CANSTAR's unique transaction calculator, which prices the transaction behaviour of 500 customer scenarios. The calculation incorporates transaction fees, fee rebates and free transaction limits. The product with the lowest overall cost for the 500 customer scenarios receives the highest Scenario score.

Transaction fee scenarios

	Business Saver	Low Transactor	High Transactor	Cash Manager
Average minimum balance	\$50,000	\$10,000	\$10,000	\$50,000
Monthly Deposit	\$5,000	\$20,000	\$100,000	\$10,000
Average number of transactions/month	10	40	100	15
Internet Transaction	100%	35%	30%	30%
Branch cash withdrawal	-	5%	5%	5%
Branch cash deposit	-	7%	10%	5%
Cheque withdrawal	-	5%	5%	7%
Cheque deposit	-	5%	5%	8%
Direct Credit	-	22%	27%	25%
Direct Debit	-	8%	8%	5%
ATM	-	5%	5%	5%
EFTPOS	-	8%	5%	10%

Features

More than 100 individual features of each account are scored for positive traits and awarded a features score. The table highlights the contribution of the various groups of information to award the business deposit accounts a features score.

Feature component	Transactor	Cash Manager	Online Saver
General features	65%	50%	30%
-Reporting options: passbook statement, internet, email			
-Access channels: ATM, eftpos, phone, internet, cheque			
-Facilities: offset, overdraft, sweep, periodic payment			
Specific conditions	20%	35%	50%
-Interest details: calculations and payment frequency, balance used			
- Open/closed/min/max, entire/portion, bonus interest			
-Minimum: opening/subsequent deposit, ongoing balance, w/d			
-Maximum withdrawals per d/w: ATM, eftpos, combined			
Internet security and online functionality	15%	15%	20%
-Secondary authentication: security, higher transfer limit available with secondary authentication			
-Online banking functionality such as file export to accounting package, individual limits and "2 to sign" functionality			

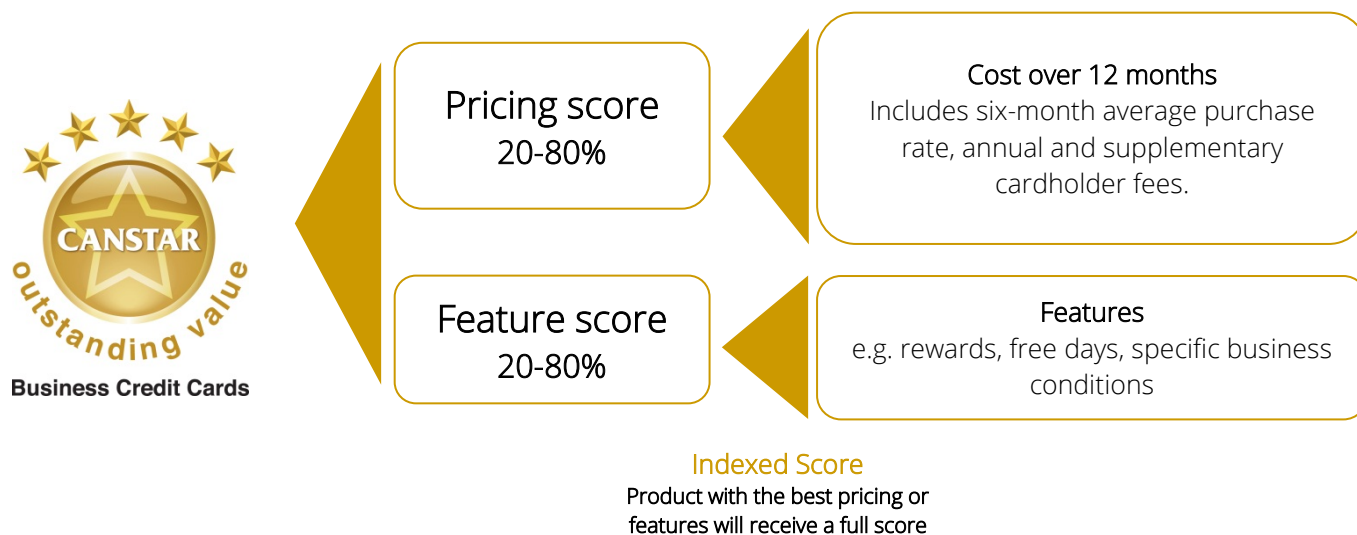
Branch coverage

While most banking these days is done electronically there are still important business functions that can only be solved by the presence of a branch, e.g. cash deposits and product application. APRA points of presence data and ABS Population data are used to determine the number of branches per person in each state. The institution's top state is taken into account and those with a ratio of one branch to 30,000 of population are given the top score and the remainder indexed of this mark.

Business Credit Card Star Ratings

To arrive at the total score, CANSTAR applies a weight (w) against the Pricing and Features. This weight will vary for each customer behaviour profile and will reflect the relative importance of either costs or features in determining the best business credit card. This method can be summarised as:

$$\text{TOTAL SCORE (T)} = \text{PRICING (P)} + \text{FEATURES SCORE (F)}$$



Unsecured business credit and charge cards are eligible to be included in the *Business Credit Card Star Ratings*. All eligible cards are assessed against two distinct business consumer behaviour profiles (Revolver and Transactor). Revolvers carry an outstanding balance on their card while transactors pay off their outstanding balance each month. As charge cards do not allow revolving, they are only eligible to be assessed against the transactor profile.

The star ratings consider Pricing and Features to be the two components in the card user's value equation. The contribution of each of these components to the value proposition for the business revolver and the business transactor are explained in the table below.

Business Credit Card Star Ratings components

Profile	Pricing score	Features score
Business Revolver	80%	20%
Business Transactor	20%	80%

Pricing score

The pricing score for the Revolver profile is based the total annual cost of the card including fees and the interest charges on a revolving debt of \$10,000 for six months. The interest rate used in the calculations is the six-month average purchase rate.

The pricing score for the Transactor profile is based on the annual cost of keeping the account active, as well as the cost for a secondary card issued to someone else in the business. Cards that do not charge ongoing fees automatically receive the maximum pricing score while other cards are awarded a score based on their annualised fees.

Features score

More than 100 individual features of each card are scored for positive traits and awarded a Features score. The table below highlights the contribution of the various groups of information to award the business credit/charge card Features score.

Feature Category	Revolver (20%)	Transactor (80%)	Examples of data captured
Credit Terms and Conditions	45%	25%	
Business Specific Conditions	35%	55%	Max number of cards, GST Statement, Limits
Card Terms	25%	15%	Min repayments, balance transfers, introductory rates
Additional Fees and Charges	25%	15%	Overdrawn, late fees, etc.
Interest Charging	15%	15%	Grace period, date interest is calculated from
Accessibility and Security	30%	10%	
Repayment Capabilities	40%	30%	Branch, ATM, BPAY, Cheque, Internet
Online Transaction Security	30%	30%	Chip, online shopping password, fraud protection
Merchant Acceptability	30%	40%	Number of merchants card is accepted at.
Benefits and Options	20%	60%	
Rewards	50%	70%	Rewards score calculated at different spend levels.
Premium Card Facilities	50%	30%	Insurances (Loss, theft, price protection, travel, warranty), concierge, special events.
Interest Free Days	5%	5%	Number of interest free days.

Rewards

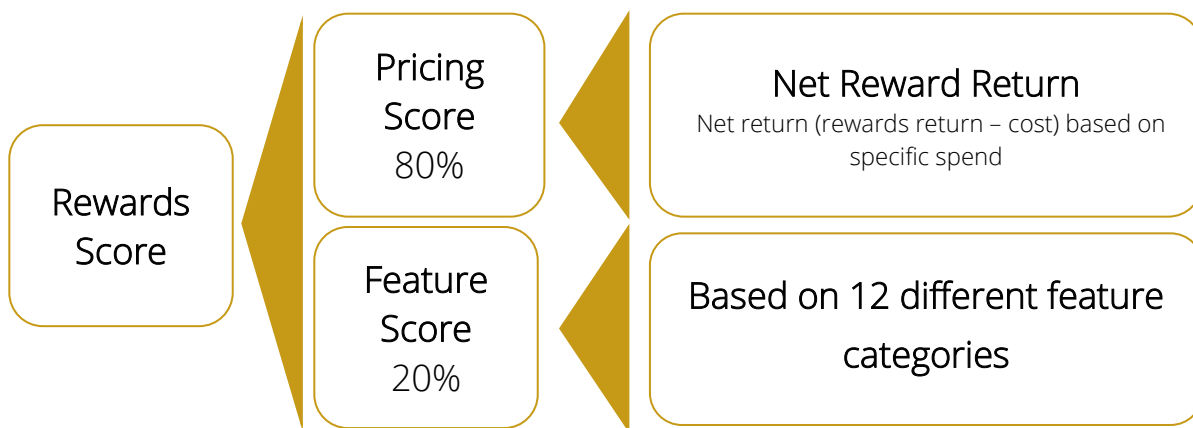
The rewards component of both profiles is made up of the best score from the Frequent Flyer or Cash Rewards methodologies.



Business Credit Cards Profile	\$60k	\$120k	\$250k
Revolver	60%	40%	-
Transactor	35%	45%	20%

Frequent Flyer and Cash/Voucher Rewards Score

The Frequent Flyer rewards and Cash/Voucher reward programs scores are calculated in the same way, with the majority of the total score coming from the net benefit to the cardholder.



Cash Rewards – Net Reward Return

The net reward return is derived by calculating the average reward return for shopping vouchers and cash, aggregating these returns and subtracting the annual fee.

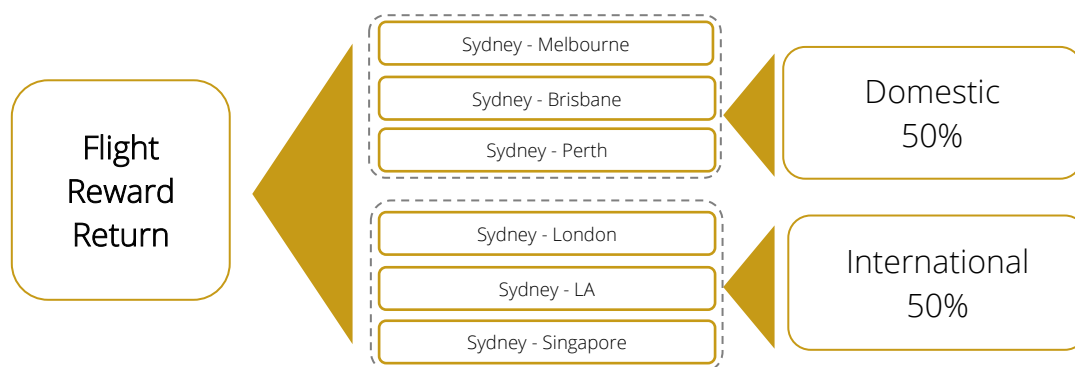
Flight Rewards – Net Reward Return

Only programs that include at least one flight redemption partner are considered. Where a program includes multiple flight partners, then all will be considered.

The Flight Reward Return is calculated firstly by finding the monetary value of a rewards point in the various programs (when redeemed for flights). This calculation considers that some programs charge taxes and fuel surcharges in addition to an amount of points required for a reward booking.

The benchmark used for assigning a monetary value to a reward flight on a particular route is the average market value of the flight on the various airlines considered. The quotes obtained from the different airlines must be like-for-like (for example meal and baggage inclusions must be comparable; no backtracking¹).

For each product, the airline with the best point value (taking into account conversion rates) is found for each of the six routes. These are then averaged to obtain the monetary value of a point in each rewards program.



Free Flights

If a product offers a free return flight (without onerous restrictions on its redemption) then the average market value of this flight is awarded in the Net Rewards Return calculation. This recognises that to a frequent traveller a free flight is a benefit worth its equivalent value in cash.

¹ For example, an airline would be excluded from price quoting if a flight from Australia to North America required a stopover in Singapore.

Features Score

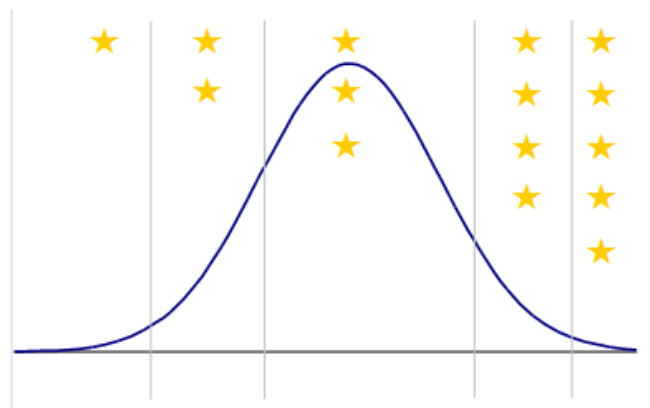
The features most relevant to the particular rewards profile are considered as a part of the rewards features score.

Feature Category	Cash	Frequent Flyer
Bonus Points Partners	5%	-
Points for Cash/Credit	30%	-
Points Capping Information	20%	5%
Instant Rewards Information	5%	5%
Earning Policies	20%	15%
Account Status Information	10%	5%
Points Expiration	10%	10%
Frequent Flyer Conditions	-	15%
Frequent Flyer Partners	-	10%
Travel Rewards	-	15%
Customer Service Information	-	10%
Top-up Policies	-	10%

How are the stars awarded?

Each business banking product reviewed for the CANSTAR *Business Banking 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 Pricing score (P) and a Features score (F).

The total score received for each profile ranks the products. The 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.



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

How often is the CANSTAR Bank of the Year – Small Business re-rated?

All ratings are fully recalculated every 12 months based on the latest features offered by each institution. CANSTAR also monitors rate 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.



- Account based pensions
- Agribusiness
- Business banking
- Business life insurance
- Car insurance
- Credit cards
- Deposit accounts
- Direct life insurance
- First home buyer
- Health insurance
- Home & Contents
- Home loans
- Life insurance
- Managed investments
- Margin lending
- Online banking
- Online share trading
- Package banking
- Personal loans
- Reward programs
- Superannuation
- Term deposits
- Travel insurance
- Travel money card
- Youth banking

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Small Business Award

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. 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.

Small Business Award

Company	24/7 Bank Deposit Boxes	24/7 Smart ATMs	Merchant Facilities		Cash Flow and Budgeting Tools	Cash Flow Projection	Franchise Banking Specialists	Transactional Banking Specialists	Packages	
			Mobile Terminals	Settlement Days/Week					Small Business Package	Discounted Merchant Facility
ANZ	✓	✓	✓	7	✓	✗	✓	✓	✓	✓
Bankwest	✓	✓	✓	5	✓	✓	✗	✗	✗	-
Bendigo Bank	✓	✗	✓	7	✓	✓	✓	✓	✓	✗
Commonwealth	✓	✓	✓	7	✓	✓	✗	✓	✓	✓
NAB	✓	✓	✓	7	✓	✗	✓	✓	✓	✓
St.George Bank	✓	✓	✓	7	✓	✗	✗	✓	✓	✓
Suncorp Bank	✗	✓	✓	7	✓	✗	✗	✓	✓	✗
Westpac	✓	✓	✓	7	✓	✗	✓	✓	✓	✓