

# ONLINE SHARE TRADING

## What are the CANSTAR Online Share Trading Star Ratings?

CANSTAR Online Share Trading Star Ratings is a sophisticated and unique ratings methodology that compares both Cost and Features across online share trading platforms. CANSTAR star ratings represent a shortlist of platforms, enabling consumers to narrow their search to platforms that have been independently assessed and ranked. CANSTAR Online Share Trading Star Ratings is a transparent analysis comparing all types of online share trading platforms.

Ratings range from five to one star. Five-star rated platforms have been assessed as offering outstanding value to consumers.

## Awards to Institutions



## Profile descriptions

	Average number of transactions	Average transaction value	Securities traded	Requirements
<b>Casual Investor</b>	8/year	\$15,000	Shares	-
Casual Investor buys and sells shares <b>occasionally</b> and using a <b>long-term strategy</b> to review their investment portfolio. The comprehensiveness of investment tools are not the most important factor in selecting the best broker for them, but <b>education tools, ease of use and cost</b> are some of the important factors for them.				
<b>Active Investor</b>	40/year	\$15,000	Shares, managed funds	-
Active Investor buys and sells shares and derivatives <b>more frequently</b> than the Casual Investor, using the latest market information, fundamental analysis data/reports to determine portfolio holding. The comprehensiveness of <b>research tools</b> is an important factor in selecting the best broker for them and, due to higher trading frequency, cost is also important.				
<b>Trader</b>	360/year	\$15,000	Shares, derivatives	Dynamic trading platform
Trader buys and sells shares <b>very frequently</b> and latest market information is used to determine portfolio holding. <b>Cost</b> is an important factor for them due to high trading frequency. The availability of <b>derivatives</b> and a <b>dynamic trading platform</b> also become key considerations for them.				

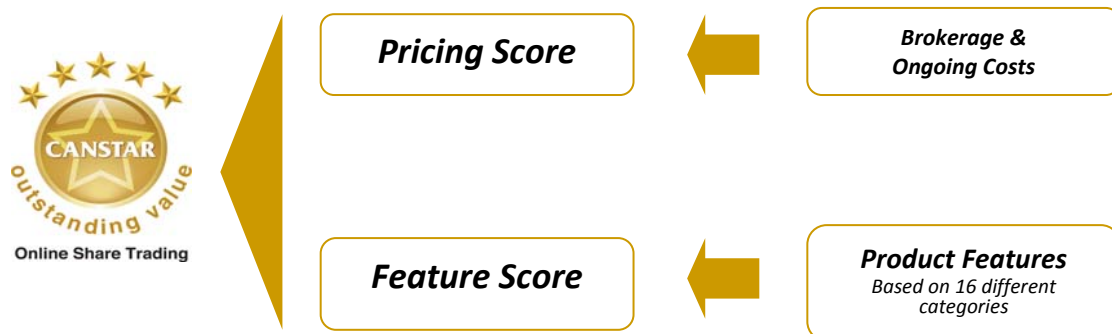
## CANSTAR star ratings

Each online share trading platform reviewed for the CANSTAR Online Share Trading Star Ratings is awarded points for its comparative pricing and for the array of positive features attached to the product. Points are aggregated to achieve a 'Pricing' score and a 'Feature' score.

To arrive at the total score, CANSTAR applies a weight (w) against the Pricing and Feature scores. This weight will vary from profile to profile and will reflect the relative importance of either costs or features in determining the best online share trading platform. This method can be summarised as:

	Casual Investor	Active Investor	Trader
Price (w <sub>1</sub> )	50%	50%	60%
Feature (w <sub>2</sub> )	50%	50%	40%

$$\text{TOTAL STAR RATINGS SCORE (T)} = w_1 \text{PRICING SCORE (P)} + w_2 \text{FEATURES SCORE (F)}$$



## Pricing Score

Total costs (brokerage costs, ongoing costs) in using the share trading account based on 500 hypothetical trading behaviours specified below. It includes both online and phone-originated orders (98% online and 2% phone).



Profile	Distribution points	No of Transaction*	Transaction value**
Casual Investor	Minimum	1/4	\$5,000
	Average	1/8	\$15,000
	Maximum	1/12	\$25,000
Active Investor	Minimum	2/20	\$5,000
	Average	4/40	\$15,000
	Maximum	5/60	\$100,000
Trader	Minimum	15/180	\$5,000
	Average	30/360	\$15,000
	Maximum	45/540	\$100,000

\*Figures are in monthly/annual term

\*\* Apply Normal Distribution over Casual profile, but Skewed Distribution across Active and Trader profiles. 95% of total 500 scenarios are normal distributed data between \$5,000 and \$25,000, with mean equals \$15,000, while the rest 5% lie between \$25,000 and \$100,000.

## Feature Score

Over 200 pieces of information are assessed in the CANSTAR Online Share Trading Star Ratings Report.

Category	Sub-categories	Profile Weighting			Descriptions
		Casual Investor	Active Investor	Trader	
Account Services		5%	5%	5%	Account information, application process, contract administration
Reporting		5%	5%	7%	Consolidated reporting on dividends and interest, year-to-date profit/loss statements, tax reporting tools
Client Services & Support		7%	7%	5%	After-hours helpline, online/phone training
Margin Loan		3%	6%	4%	Availability margin loan with online trading
Company and Market Information		15%	15%	8%	Availability of research tools to enhance fundamental analysis
	<i>Market Information</i>	30%	25%	65%	Market research availability
	<i>Company Information</i>	65%	65%	20%	Company information available
	International market	5%	10%	15%	Availability of international market information
Research – Tools		3%	4%	5%	Availability of research tools to enhance technical analysis
	<i>Alerts</i>	90%	85%	75%	Availability of different alerts
	<i>Other</i>	10%	15%	25%	Availability of other technical trading information
Charting		10%	10%	17%	Availability of basic and advance chartings
Education		20%	10%	2%	Availability of education, technical help
Security		3%	2%	2%	Level of online security provided
Settlement Accounts		5%	6%	6%	Flexibilities and restrictions of settlement account
Trading Platform		5%	10%	10%	Trading platform other functionalities, dynamic data, conditional order
	<i>Platform Information</i>	100%	85%	60%	Trading platform other functionalities
	<i>Dynamic Trading Platform</i>	0%	15%	40%	Availability of dynamic data stream
Ease of Use		10%	5%	6%	Number of steps required to put an order, quote
Premium Services		0%	0%	3%	Availability of dedicated service manager and requirements
Trading Securities/Markets		5%	10%	15%	Availability of different securities and stock exchanges
	<i>Local</i>	95%	90%	90%	ASX & securities available
	<i>International</i>	5%	10%	10%	International exchange & securities available
Accessibility		4%	5%	5%	Accessibility channels for the platform
		100%	100%	100%	

## How many platforms and providers are analysed?

In order to calculate the ratings, CANSTAR analysed 39 online share trading platforms from 15 providers in Australia.

## Does CANSTAR rate all products available in the market?

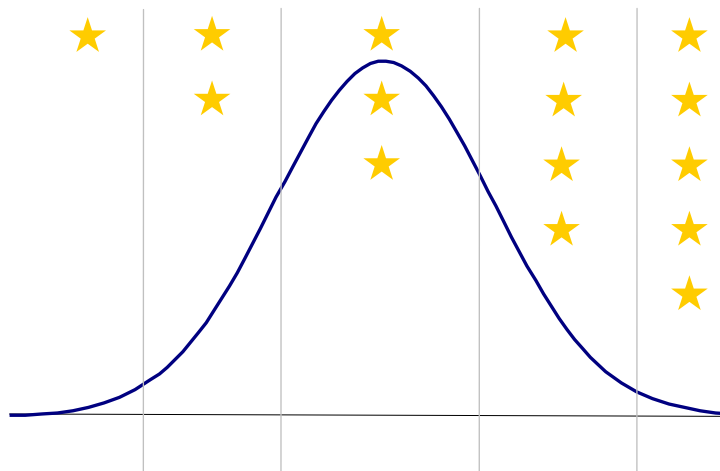
We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that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

## How often are products reviewed for star ratings purposes?

All ratings are fully recalculated every 12 months, based on the latest submissions from each institution. CANSTAR also monitors changes on an ongoing basis.

## How are the stars awarded?

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 5-star rating.



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

## 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](http://www.canstar.com.au)



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

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