



METHODOLOGY

TERM DEPOSITS

What is the CANSTAR *Term Deposit Award*?

The CANSTAR *Term Deposit Award* involves a sophisticated rating methodology unique to CANSTAR that compares a shortlist of term deposits in Australia, enabling consumers to narrow their search to products that have been assessed and ranked.

The award aims to give recognition to the institutions who offer quality term deposit products across rates, terms and product features. The award recognises both customer-owned institutions and banks due to the acknowledgment of the different offerings between the two types of institutions. To highlight the differences, an award is given to the strongest outstanding value term deposit for a customer-owned institution and bank.

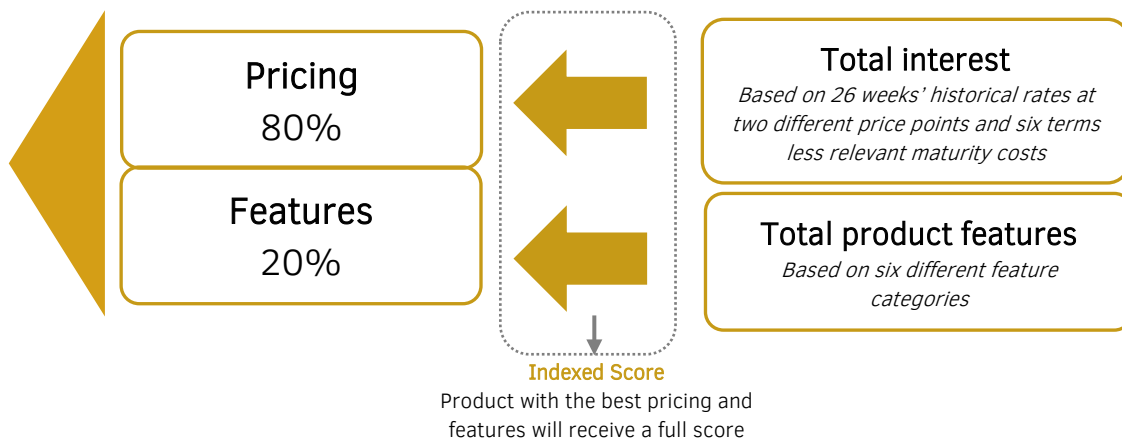


How are the CANSTAR Term Deposit Awards calculated?

Each term deposit product reviewed for the CANSTAR *Term Deposit Award* 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 Features score.

To arrive at the total score on which to base the awards, CANSTAR applies a weighting against the product Pricing and Features. This weighting of Price and Features reflects the relative importance to the consumer of either price or features when looking to purchase the product. This method can be summarised as:

$$\text{TOTAL SCORE} = \text{PRICING} + \text{FEATURES SCORE}$$



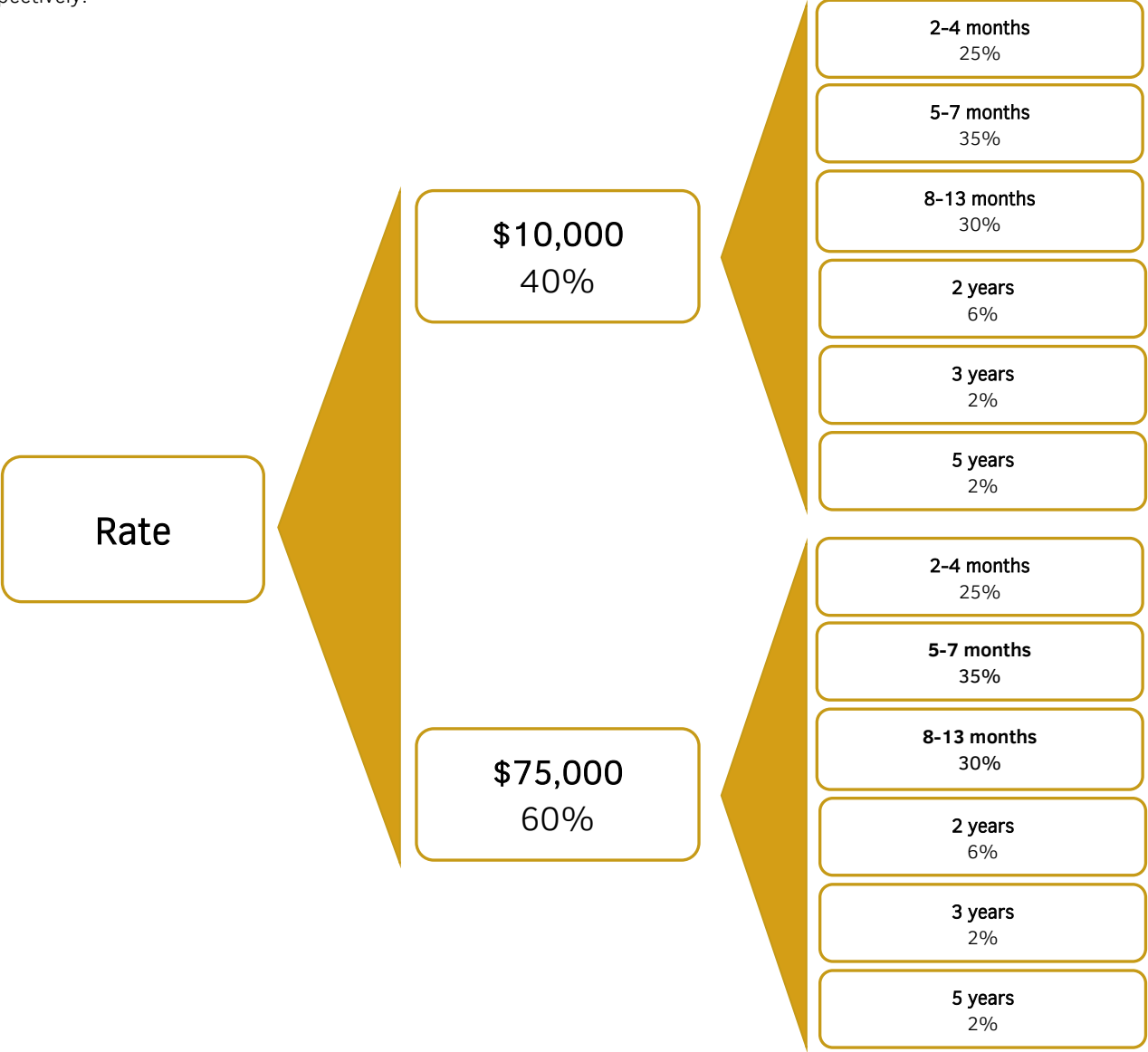
Pricing score

CANSTAR accounts for both current and historical interest rates, terms and maturity costs in the calculation of the pricing component of the overall score:



Rate

The rate score is calculated by taking the maximum rate from the following term deposit periods (outlined in the tree below) over the span of 26 weeks. An average rate is then taken from the maximum historical rates and indexed against the best rate from that term. This calculation is made across two term deposit amounts, \$10K and \$75, weighted 40% and 60% respectively.



Maturity cost

In addition to current and historical term deposit rates, we also assess maturity costs in the pricing score. Maturity costs include any cost associated with retrieving or transferring your funds at maturity such as the cost for a bank cheque. An institution with low or no charges receives the highest maturity cost score.

Feature score

More than 40 product features of each term deposit are scored and put into six different categories in the following table. Based on the points received in each category, the scores are weighted against each of the category weights provided in the table below for their respective total feature score. The total feature score is then indexed to provide final feature score.

Category	Category description	Category weight
Account options	<i>Open account, maturity reminder, maturity instruct, variation period</i>	40%
Bonus/discounts	<i>Rollover bonus, free bank cheque, free direct credit</i>	15%
Early withdrawals	<i>Prepayment interest penalty, Notice Periods</i>	10%
Interest options	<i>Interest penalties, interest payment options, interest options available</i>	10%
Statement options	<i>Third party reporting, tax reporting</i>	10%
Term options	<i>Account facilities, deposit amounts, rollover facilities</i>	15%

How many products and financial institutions are analysed?

In order to calculate the award, CANSTAR analysed 99 products from 79 financial institutions 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 award 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.

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

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