



METHODOLOGY YOUTH BANKING & EDUCATION AUSTRALIA

What is the CANSTAR *Youth Banking & Education Award*?

The CANSTAR *Youth Banking & Education Award* uses a sophisticated and unique methodology and is awarded to financial institutions that provide the best combination of products and services across the youth banking sector in Australia. The award aims to give recognition to the institutions offering quality deposit products as well as services to schools, parents and children alike for the purpose of promoting financial literacy.

The CANSTAR award represents a shortlist of financial products, enabling consumers to narrow their search to products that have been independently assessed and ranked.

How is the CANSTAR *Youth Banking & Education Award* calculated?

To arrive at the total score with which we make the award, CANSTAR looks at two age brackets: the Junior profile for children aged 12 and under and the Youth profile for teenagers between the ages of 12 and 17.

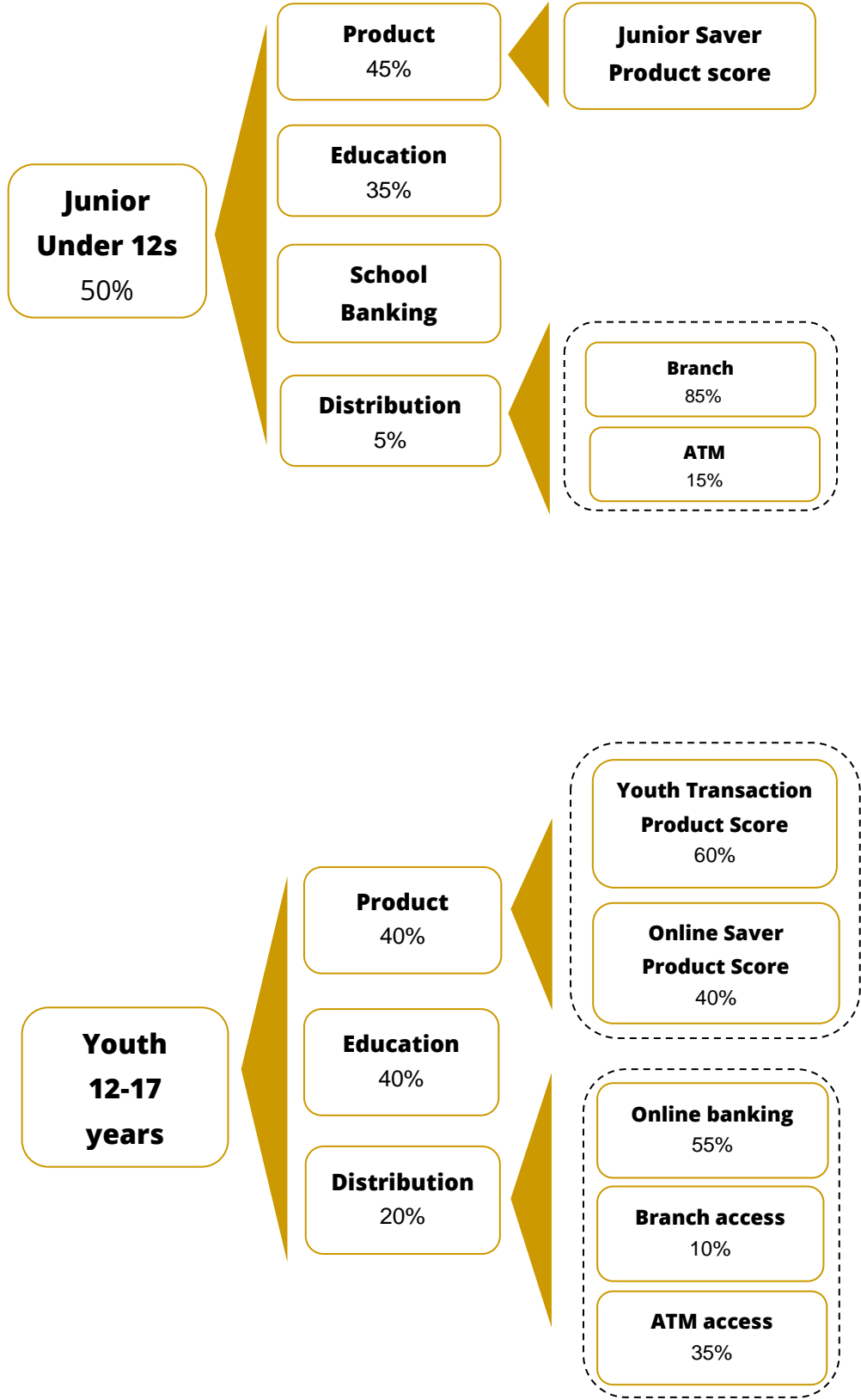


Each age bracket is broken down into the components that are important for the youth market in the following methodology tree.



CANSTAR Youth Banking & Education methodology tree

While products make up half the overall score, the other half focuses on institutional investment in education, parental material, workshops and school banking. We feel that institutions spending time and energy on these aspects of Junior and Youth banking and education should be recognised.



Product score

For the award we assess deposit accounts available specifically to each of the profiles. To compare the product on offer in the market we use two profiles that allow for the change in children's needs as they mature and start working.

As with all CANSTAR star ratings, the value of the deposit account is determined by using a combination of price and feature scoring. The pricing and feature weightings are outlined in Table 1. Pricing is further broken down into rates and scenarios, while features include both product features and branch accessibility (coverage). These weightings are also outlined in the table below.

Pricing Score

Below is a table which outlines the breakdown of the pricing score and the relative weights per profile.

Profile	Pricing	
Junior Saver	80%	
Youth Transactor	65%	
Online Saver	85%	
Profile	Rates	Scenario fees
Junior Saver	80%	20%
Youth Transactor	30%	70%
Online Saver	90%	10%

Rate component

The rate component of the price score considers the six-month historical total interest rate.

The rate component accounts for the tiered interest rate structure of deposit accounts. The tiers for historical rate calculations are applied in the following manner:

Interest rate balance tiers

	Interest balance tier weights	Junior Saver	Youth Transactor	Online Saver
Tier 1	50%	\$250	\$50	\$1,000
Tier 2	35%	\$500	\$125	\$2,000
Tier 3	15%	\$1,000	\$250	\$5,000

Scenario component

Transaction fee scenarios based on 500 hypothetical customers. The following table outlines scenarios for each of the profiles:

Table 3: Transaction scenarios for pricing calculation

	Junior Saver	Youth Transactor	Online Saver
Average no. of transactions	3	15	5
Average balance	\$500	\$125	\$2000
Average deposit	\$20	\$100	\$100
ATM withdrawal own network	-	20%	-
Branch cash withdrawal	20%	5%	-
Branch cash deposit	80%	-	-
EFTPOS transaction	-	55%	-
Internet transaction	-	20%	100%

Feature Score

Below is a table which outlines the weights allocated to features for each profile.

Profile	Features
Junior Saver	20%
Youth Transactor	35%
Online Saver	15%

Each of the product features is allocated points that are awarded for positive deposit account traits such as no fees or greater flexibility. The following table outlines the weightings of each of the feature categories per profile:

Table 4: Product feature weightings

Category description	Junior Saver	Youth Transaction	Online Saver
Account facilities	40%	50%	25%
Specific conditions	50%	20%	45%
Fees and charges	-	10%	-
Exemptions from fees and charges	10%	5%	5%
Account design options	-	10%	5%
Mobile and online security	-	5%	20%

School Banking, Education and Distribution

A key feature of promoting financial literacy for children is providing support through tools and materials. For the award we looked at two areas where financial institutions provide support to children, parents and schools.

Junior Saver

Education component

The following table looks at different education resources to improve children's financial literacy. These include website resources available for parents and children, as well as curriculum resources for use by parents and teachers. Points are accumulated and weighted against the following category weights to receive their education score.

Category	Category description	Weight
Tools	<i>Junior website, youth website, savings calculators, budget calculators, games, updated games</i>	30%
Workshops	<i>Community and school workshops, facilitators</i>	30%
Curriculum	<i>Resources and facilitators</i>	30%
Parents	<i>Parental Control, support and information</i>	10%

School banking component

Branch access and school banking are effective tools to engage educate children about money. In school banking we look at the quality of the banking program being offered to schools. Points are accumulated and weighted against the following category weights to receive their school banking score.

Category	Category description	Weight
Distribution and services	<i>School Banking available, frequency of collection, open account, deposits, rewards</i>	80%
Benefits	<i>Commissions and grants</i>	20%

Distribution

Branch access and school banking are excellent tools to help children learn about banking. Easy access to branches and ATMs are rewarded based on the CANSTAR distribution analysis. For online banking we use the results of CANSTAR's *Online Banking Award* to determine the availability and quality of the institution's online banking functionality.

Category	Examples of data captured	Junior
Branch	<i>Ratio of branches to population</i>	85%
ATM	<i>Ratio of free ATMs to population</i>	15%
Online banking	<i>Features of internet banking, availability of website information</i>	-

Youth Transactor

Education Component

Category	Category description	Weight
Tools	<i>Junior website, youth website, savings calculators, budget calculators, games, updated games</i>	35%
Workshops	<i>Community and school workshops, facilitators</i>	35%
Curriculum	<i>Resources and facilitators</i>	30%

Distribution

Category	Examples of data captured	Junior
Branch	<i>Ratio of branches to population</i>	10%
ATM	<i>Ratio of free ATMs to population</i>	35%
Online banking	<i>Features of internet banking, availability of website information</i>	55%

How many products and financial institutions are analysed?

In order to calculate the award, CANSTAR analysed 29 institutions in Australia.

How often are all the products reviewed for rating purposes?

The *Youth Banking & Education Award* is recalculated every 12 months based on the latest rates and features offered by each institution. CANSTAR also monitors rate changes on an ongoing basis.

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.

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 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

COMPLIANCE DISCLOSURE and LIABILITY DISCLAIMER

To the extent that the information in this report constitutes general advice, this advice has been prepared by Canstar Research Pty Ltd A.C.N. 114 422 909 AFSL and ACL 437917 ("Canstar"). The information has been prepared without taking into account your individual investment objectives, financial circumstances or needs. Before you decide whether or not to acquire a particular financial product you should assess whether it is appropriate for you in the light of your own personal circumstances, having regard to your own objectives, financial situation and needs. You may wish to obtain financial advice from a suitably qualified adviser before making any decision to acquire a financial product. Canstar provides information about credit products. It is not a credit provider and in giving you information it is not making any suggestion or recommendation to you about a particular credit product. Please refer to Canstar's [ESG](#) for more information.

The information in this report must not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any purpose, in whole or in part, in any form or manner or by means whatsoever, by any person without CANSTAR's prior written consent. All information obtained by Canstar from external sources is believed to be accurate and reliable. Under no circumstances shall Canstar have any liability to any person or entity due to error (negligence or otherwise) or other circumstances or contingency within or outside the control of Canstar or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information. Copyright 2014 CANSTAR Research Pty Ltd A.C.N. 114 422 909

The word "CANSTAR", the gold star in a circle logo (with or without surmounting stars), are trademarks or registered trademarks of CANSTAR Pty Ltd. Reference to third party products, services or other information by trade name, trademark or otherwise does not constitute or imply endorsement, sponsorship or recommendation of CANSTAR by the respective trademark owner.