What are the CANSTAR *Business Credit Cards Star Ratings*?

CANSTAR *Business Credit Cards Star Ratings* involve a sophisticated rating methodology, unique to CANSTAR, which compares business credit cards in Australia. CANSTAR Star Ratings provide a transparent analysis of a shortlist of business credit cards, enabling consumers to narrow their search to products that have been assessed and ranked according to their value.

The results are reflected in a consumer-friendly five-star concept, with five stars signifying outstanding value offered by the product.

Rising stars are those products that would be rated five stars but have not been in the market for six months. Rising star products will be formally rated in the next period once more historical data is available.
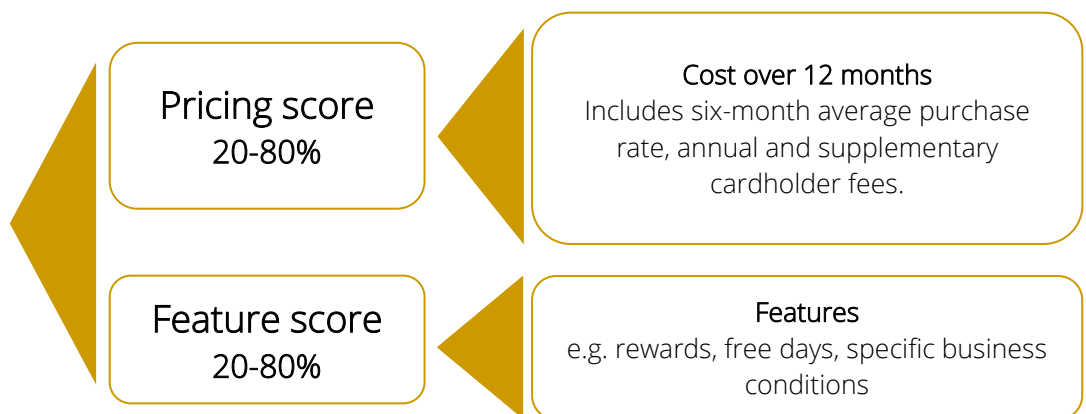
What types of products are evaluated in CANSTAR *Business Credit Card Star Ratings*?

Profile name	Description
Revolver	For businesses that revolve a debt from month to month, excludes charge cards and requires six months of historical interest rates to be rated.
Transactor	For businesses that pay off their credit card balance in full each month. Includes charge cards.

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:

TOTAL SCORE (T) = PRICING (P) + FEATURES SCORE (F)

Pricing score
20-80%

Cost over 12 months
Includes six-month average purchase rate, annual and supplementary cardholder fees.

Feature score
20-80%

Features
e.g. rewards, free days, specific business conditions

Business Credit Cards

Indexed Score
Product with the best pricing or features will receive a full score

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.
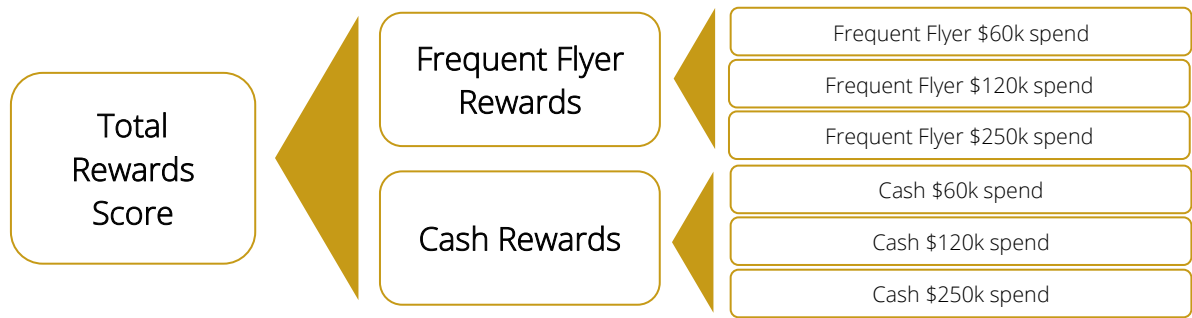
Features score

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.

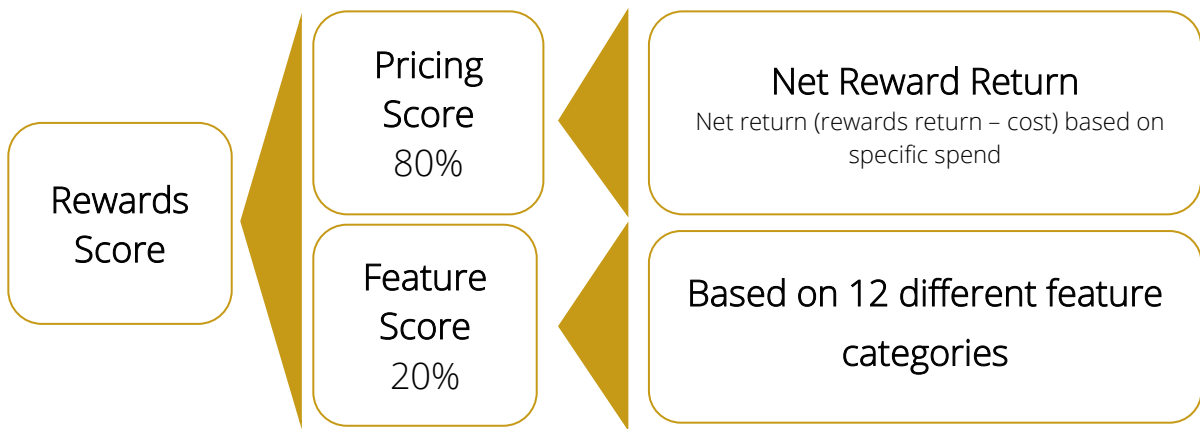| Feature Category	Revolver (20%)	Transactor (80%)	Examples of data captured
Credit Terms and Conditions	**45%**	**25%**	
Business Specific Conditions	35%	55%	Max number of cards, GST Statement, Limits
Card Terms	25%	15%	Min repayments, balance transfers, introductory rates
Additional Fees and Charges	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.

Total Rewards Score	Frequent Flyer Rewards	Frequent Flyer $60k spend
		Frequent Flyer $120k spend
		Frequent Flyer $250k spend
	Cash Rewards	Cash $60k spend
		Cash $120k spend
		Cash $250k spend

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.

| Rewards Score | Pricing Score 80% | Net Reward Return — Net return (rewards return – cost) based on specific spend |
| | Feature Score 20% | Based on 12 different feature categories |

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 backtracking[1]).

---

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

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.
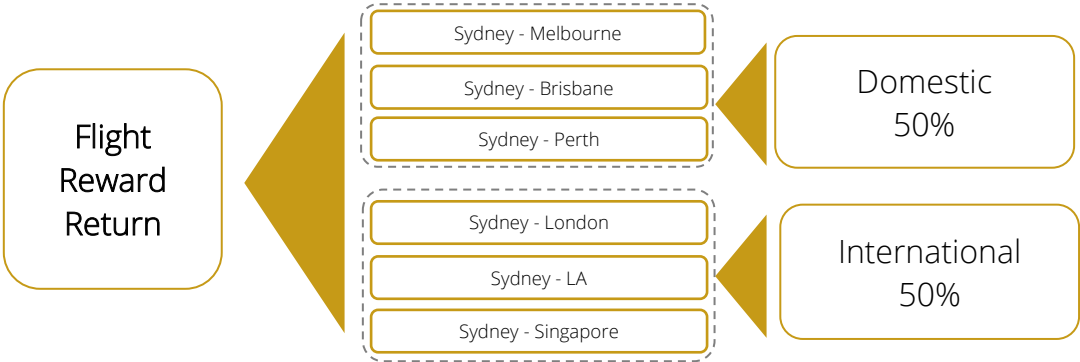
Free Flights

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.

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?

The total score received for each profile ranks the products. The stars are then awarded based on the distribution of the scores according to the following guidelines. As you can see, only the products that obtain a score in the top 10% of the score distribution receive a five-star rating.
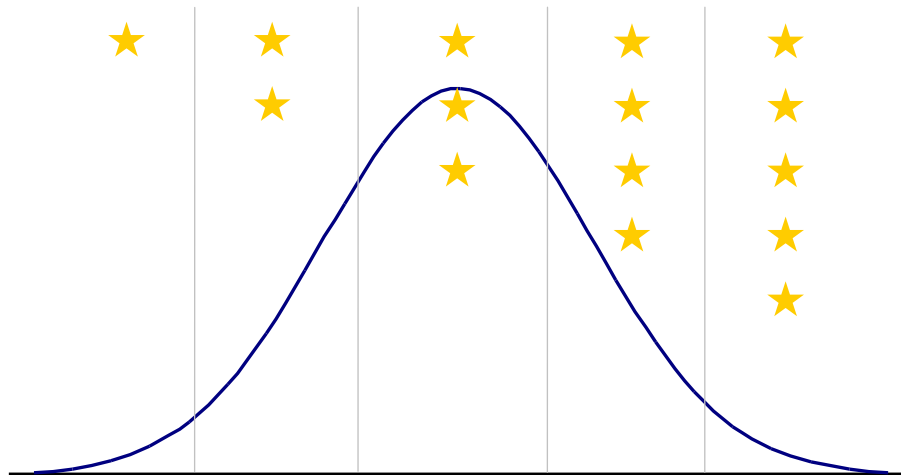
The results are reflected in a consumer-friendly five-star concept, with five stars denoting an outstanding product.

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.

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 cards
• Youth banking		