



# METHODOLOGY

## INTERNATIONAL MONEY TRANSFERS

### What is the CANSTAR *International Money Transfers star ratings*?

CANSTAR International Money Transfer star ratings is a sophisticated and unique ratings methodology that compares both Cost and Features to undertake a money transfer to an overseas account. CANSTAR star ratings represent a shortlist of financial providers, enabling consumers to narrow their search to providers that have been reviewed, assessed and ranked.

### What types of providers are evaluated by CANSTAR *International Money Transfers star ratings*?

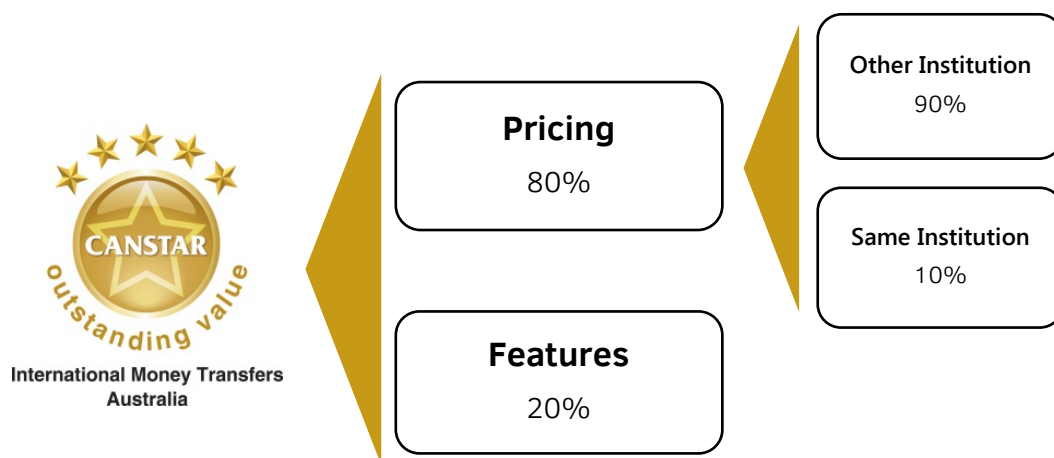
Within the International Money Transfers star ratings, only Australian Authorised Deposit Taking Institutions (ADIs) are considered.

### How are the 'stars' calculated?

Each provider reviewed for the CANSTAR International Money Transfer *star ratings* is awarded points for its comparative pricing and for the array of positive features attached to the product. These features include the availability of facilities, coverage on currencies and consumer resources available. Points are aggregated to achieve a Pricing score (P) and a Feature score (F).

To arrive at the total score CANSTAR applies a weight (w) against the Pricing and Feature scores. This weight will reflect the relative importance of either costs or features in determining the best product. This method can be summarised as:

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



## Pricing Score

The pricing score is made up of the Transaction Scenarios. The Transaction Scenario is used to take into account the financial outcome of making an international payment or transfer across a number of currencies. The scenarios are broken into two components, transferring money to a different institution and transferring money to the same institution.

Note: Should the provider not have an international presence, their standard international fee structure is used for the same institution.

## Transaction Scenario

When exchanging many thousands of dollars into a foreign currency, in most cases, the margin that the issuer has built into the exchange rate is the largest part of the overall cost of the transaction compared to the relatively small direct transfer fee charged. To find the overall cost of transferring money internationally, the transaction scenario calculations will consider the exchange rate and the cost to make the transfer. Our calculations are based off 500 hypothetical scenarios with an average transfer amount of \$15,000.

These costs are benchmarked against a hypothetical cheapest product in the market – one which does not incur transfer fees with the best average exchange rate observed in the market in our survey period. Method for calculation the Net Cost:

1. Calculate the Net Foreign Currency after the costs and exchange rates have been applied.
2. Calculate the benchmark Net Foreign Currency by converting each exchange with the best exchange rate across all currencies.
3. Calculate the Net Cost of the transfer compared to the benchmark.

**Net Cost: Benchmark Net FX – Institution Net FX**

4. A score is calculated based on the Net Cost for each currency, with the lowest cost product receiving the highest score. The scores for each currency are then combined into a total Pricing Score. The weight that each currency is given as a proportion of the total score is shown in the table below.

Currency	Weight
United States Dollar	30%
British Pound	15%
New Zealand Dollar	15%
Euro	15%
Indian Rupee	5%
Japanese Yen	5%
Singapore Dollar	5%
Hong Kong Dollar	5%
Swiss Franc	5%

## Feature Score

The feature component takes into account over 70 product features and allocated points. These product features are grouped into 4 different categories with weights given to each relevant area. The following table outlines the weightings of each of the feature categories per profile:

Category	Weight
International Payment Facilities	40%
Fees and Charges	20%
Currency Information	20%
Top Tier Currencies Available	60%
2 <sup>nd</sup> Tier Currencies Available	20%
Total Currencies	10%
Rate Information	10%
Customer Service, Tools and Education	20%

## 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 all the products reviewed for rating purposes?

All ratings are fully recalculated every twelve months based on the latest features offered by each institution. All awards are recalculated every year based on the latest ratings. 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](http://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
- Landlord insurance
- Life insurance
- Managed investments
- Margin lending
- Online share trading
- Package banking
- Personal loans
- Pet insurance
- Reward programs
- SMSF loans
- Superannuation
- Term deposits
- Travel insurance
- Travel money cards
- Youth banking



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