



METHODOLOGY

Business Transaction and Savings Accounts

What are the CANSTAR Business Transaction and Savings Account Star Ratings?

CANSTAR's *Business Transaction and Savings Account Star Ratings* involve a sophisticated rating methodology, unique to CANSTAR, which compares business deposit accounts in Australia. This shortlist narrows the search for consumers to products that have been reviewed, assessed and ranked.

The CANSTAR *Business Transaction and Savings Account Star Ratings* is a transparent analysis comparing all types of business deposit accounts for an array of characteristics, such as:

- Interest rates
- Fees
- Free transactions
- Accessibility
- Rebates
- Features

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-star or higher but have not been in the market for more than 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 for the Business Transaction and Savings Account Star Ratings?

The following account types are assessed in the ratings:

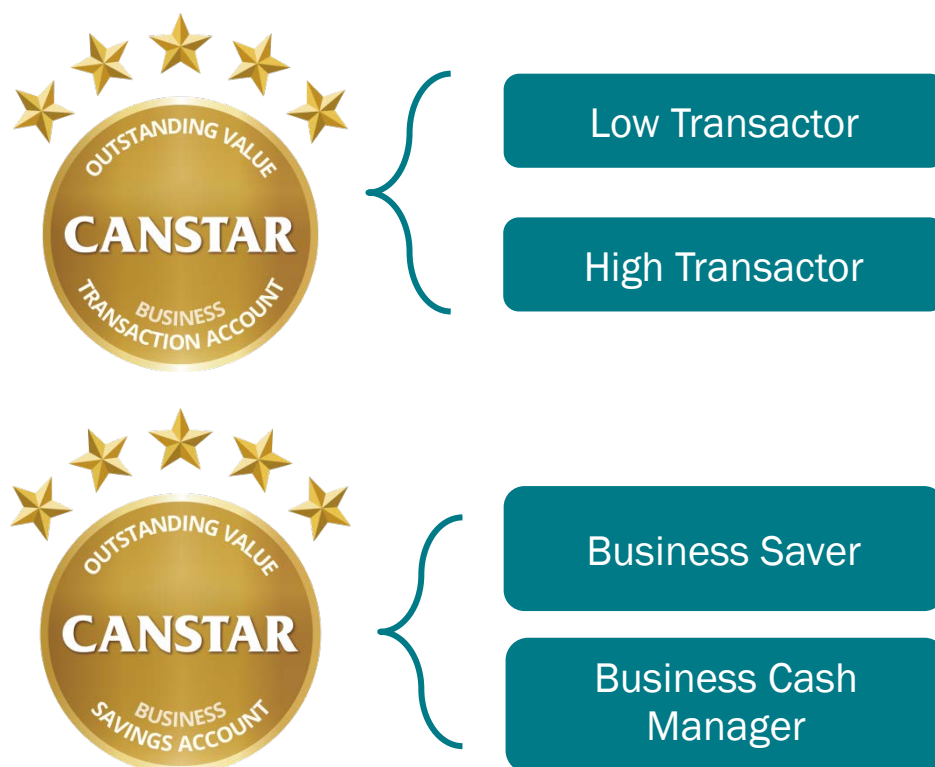
- Business Transaction Accounts
- Business Savings Accounts
- Business Cash Management Accounts

Eligibility criteria

To be eligible for a star rating, the product must have been an offer for at least six months. Products that do not have the required six-month information can only achieve a rising star if the product achieves the equivalent of a five-star rating.

How is the CANSTAR Business Transaction and Savings Account Star Ratings structured?

CANSTAR recognises that business deposit account users have different needs in terms of saving and transacting. Hence the CANSTAR Business Transaction and Savings *Account Star Ratings* methodology has been designed to reflect a range of transacting and savings styles. Specifically the ratings consist of the following sub-sections:



The star ratings methodology differs for each customer segment in terms of the relative importance placed on the fees and features of the products assessed. The table below provides a description on each profile.

Consumer Profile	Description
Business Saver	For business customers looking for a high interest savings account. To be eligible, the account must offer an interest rate of 0.50% or higher on a balance of \$50,000.
Business Cash Manager	For business investors who make an average of 15 transactions per month on their account. They are looking to earn interest on their money while retaining full account access. To be eligible, the account must offer an interest rate of 0.10% or higher on a balance of \$50,000.
High Transactor	For business customers who make an average of 100 transactions per month on their account. Access to branch, ATM, Cheque, EFTPOS, Internet, Direct Credit and Direct Debit facilities must be available.
Low Transactor	For business customers who make an average of 40 transactions per month on their account. Access to branch, ATM, Cheque, EFTPOS, Internet, Direct Credit and Direct Debit facilities must be available.

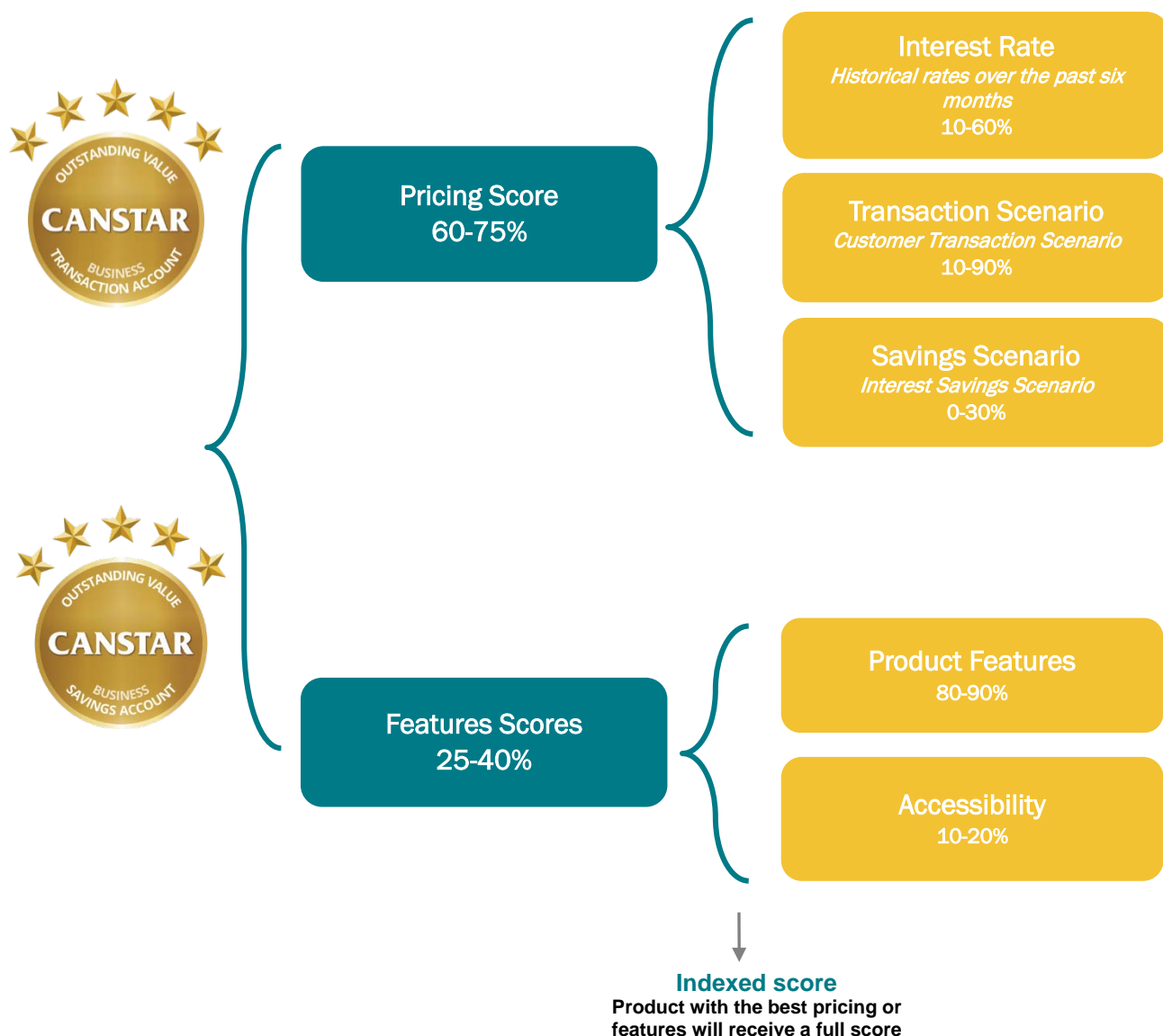
How does it work? How are the 'stars' calculated?

Profile	Pricing Score	Features Score
Business Saver	75%	25%
Business Cash Manager	60%	40%
High Transactor	60%	40%
Low Transactor	60%	40%

Each transaction or savings account reviewed for the CANSTAR Business *Transaction and Savings Account Star Ratings* is awarded points for its comparative pricing and for the array of positive features attached to the account. These features include accessibility, conditions attached to interest payments and transaction security. 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 P and F. This weight will vary for each customer profile and will reflect the relative importance of either costs or features in determining the best business deposit account. This method can be summarised as:

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



The table below outlines the weights allocated to price and features by profile.

Pricing score

The pricing score of the Business Transactions and Savings Account Star Ratings is broken down into three components; Historical Rates, Transaction Scenario and Savings Scenario. The weighting of each component to the customer profile differs and the weightings we apply are displayed in the table below.

Profile	Rates	Transaction Scenario	Savings Scenario
Business Saver	60%	10%	30%
Business Cash Manager	60%	40%	-
High Transactor	10%	90%	-
Low Transactor	10%	90%	-

Rates

Interest paid on business savings accounts is an important component of the business saver profiles. The average interest rate paid across three nominated account balances as shown below is used to establish the account that pays the highest overall interest. The average interest rate is defined as the rate on the 1st and 15th of each month, covering a six-month period, plus any promotional rate applicable for the business saver profile only. The product found to pay the highest average balance based on the weightings in the table below receives the highest *Rate* score.

Historical rate balances

	Business Saver	Business Cash Manager	High Transactor	Low Transactor
Balance 1	\$10,000	\$10,000	\$5,000	\$5,000
Balance 2	\$50,000	\$50,000	\$10,000	\$10,000
Balance 3	\$100,000	\$100,000	\$20,000	\$20,000

Balance Weightings

The historical balances have a different level of importance to the profiles. The historical rates score is calculated using the percentages below.

	All Profiles	Business Cash Manager
Balance 1	35%	25%
Balance 2	35%	40%
Balance 3	30%	35%

Rate Type Weightings

The types of rates relevant and offered in the market are considered in our calculations and weight is applied appropriately depending on profile.

Profile	Base Rate	Total Rate
Business Saver	70%	30%*
Business Cash Manager	100%	-
High Transactor	100%	-
Low Transactor	100%	-

*The total rate considers the base rate plus promotional rate

Transaction Scenario

The scenario analysis is conducted using CANSTAR's unique transaction calculator, which incorporates essential transaction fees and charges, rebates and free transactions. The calculator interlinks the transaction behaviour of 100 hypothetical depositors with the pricing structure of the business deposit accounts. The products with the lowest cost receive the highest score in the scenario analysis.

The following table describes the number of transactions and channels used in the scenarios.

	Business Saver	Business Cash Manager	High Transactor	Low Transactor
Average no. of transactions	10	15	100	40
Average Balance	\$50,000	\$50,000	\$10,000	\$10,000
Average Deposit	\$5,000	\$10,000	\$100,000	\$20,000
ATM withdrawal own network	-	5%	5%	5%
Branch cash withdrawal	-	5%	5%	5%
Branch cash deposit	-	5%	10%	7%
Cheque withdrawal	-	7%	5%	5%
Cheque Deposit	-	8%	5%	5%
Direct Debit	-	5%	8%	8%
Direct Credit	-	25%	27%	22%
Points of Sale*	-	10%	5%	8%
Internet Transaction	100%	30%	30%	35%

* Split of 50% to Paypass/Paywave and 50% to EFTPOS if Paypass/Paywave is available. Otherwise EFTPOS will make up 100% of the cost.

Savings Scenario

A simple interest calculation is used to capture and differentiate the offerings in the market for promotional rates for Business Saver. The description of the scenario placed for interest calculation is below.

Profile	Initial Deposit Amount	Term (months)	Description
Business Saver	\$10,000	18	Interest calculation is based on the interest earned on an initial deposit of \$10,000 over 18 months, taking into account the promotional rate and it's length plus the base interest rate.

Feature score

The Feature score is broken up into two components: Product Features and Accessibility to ATM and/or branch. The breakdown of weights between features and accessibility by profile is shown below.

Profile	Product Features	Accessibility
Business Saver	90%	10%
Business Cash Manager	80%	20%
High Transactor	80%	20%
Low Transactor	80%	20%

Accessibility

The ratio of the total number of free ATMs and branches across all Australian states and territories (excluding ACT) against its respective population is calculated against a cap of 15,000 people per ATM and 30,000 people per branch. Any institution that exceeds the cap will receive full points for this category, with the remaining institutions being indexed against the caps. Access areas are weighted as follows:

Description	Business Saver	Business Cash Manager	High Transactor	Low Transactor
ATM Coverage	-	15%	15%	15%
Branch Coverage	100%	85%	85%	85%

Product features

Each of the product features is allocated points that are awarded for positive business deposit account traits such as no fees or greater flexibility. As features are relatively static, they are not measured over time. The following table outlines the weightings of each of the feature categories per profile:

Category Description	Business Saver	Business Cash Manager	High Transactor	Low Transactor
Account Facilities				
- Reporting options: passbook statement, internet, email	30%	50%	65%	65%
- Access channels: ATM, EFTPOS, phone, internet, cheque				
- Facilities: offset, overdraft, sweep, periodic payment				
Specific Conditions				
- Interest details: calculations and payment frequency, balance used (open/closed/min/max, entire/ portion), bonus interest	50%	35%	20%	20%
- Minimum: opening/subsequent deposit, ongoing balance, withdrawal				
- Maximum withdrawals per day/week: ATM, EFTPOS, combined				
Internet Security and online functionality				
- Secondary authentication: security, higher transfer limit available with secondary authentication	20%	15%	15%	15%
- Online banking functionality such as file export to accounting packages, individual limits, BPAY, Branch and ATM locator and dual signature functionality.				

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 six 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 if you would like to view the latest star ratings reports of interest.



- Account based pensions
- Agribusiness
- Business banking
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- 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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