



Travel Credit and Debit Cards

What are the CANSTAR Travel Credit and Debit Cards Star Ratings?

CANSTAR's *Travel Credit and Debit Cards Star Ratings* use a sophisticated and unique ratings methodology that compares both cost and features across both credit cards and deposit accounts with card access (debit cards), with a particular focus on the features and fees related to overseas travel. CANSTAR star ratings represent a shortlist of credit cards and debit cards, enabling consumers to narrow their search products that have been thoroughly assessed and ranked. CANSTAR's *Travel Credit and Debit Cards Star Ratings* are a transparent analysis comparing a range of credit and debit cards across the market.

Ratings range from five stars to one star. Five-star rated products have been assessed as offering outstanding value to consumers.

The titles of “**Outstanding Value Travel Credit Cards**” and “**Outstanding Value Travel Debit Cards**” are awarded to institutions that obtain a five-star rating based on performance across judging criteria set down by CANSTAR.

What are the profiles used for CANSTAR Travel Credit and Debit Card Star Ratings?

CANSTAR appreciates that travellers have different spending habits and therefore value different features in their cards that they take with them overseas. In recognition of these differences, the *CANSTAR Travel Credit and Debit Card Star Ratings* reflect a range of spending styles and card usage patterns.

| Product Type | Profile name | Description |
|------------------------------|-------------------------------|--|
| Credit Card | Occasional Overseas Traveller | Looking for a credit card to take with them on an overseas trip – perhaps as a once-off or only once a year. |
| Credit Card | Regular Overseas Traveller | Looking for a credit card to take overseas with them on a regular basis – travels at least a few times per year. |
| Deposit Account (Debit Card) | Overseas Travel | Wants access to their own money when travelling overseas. |

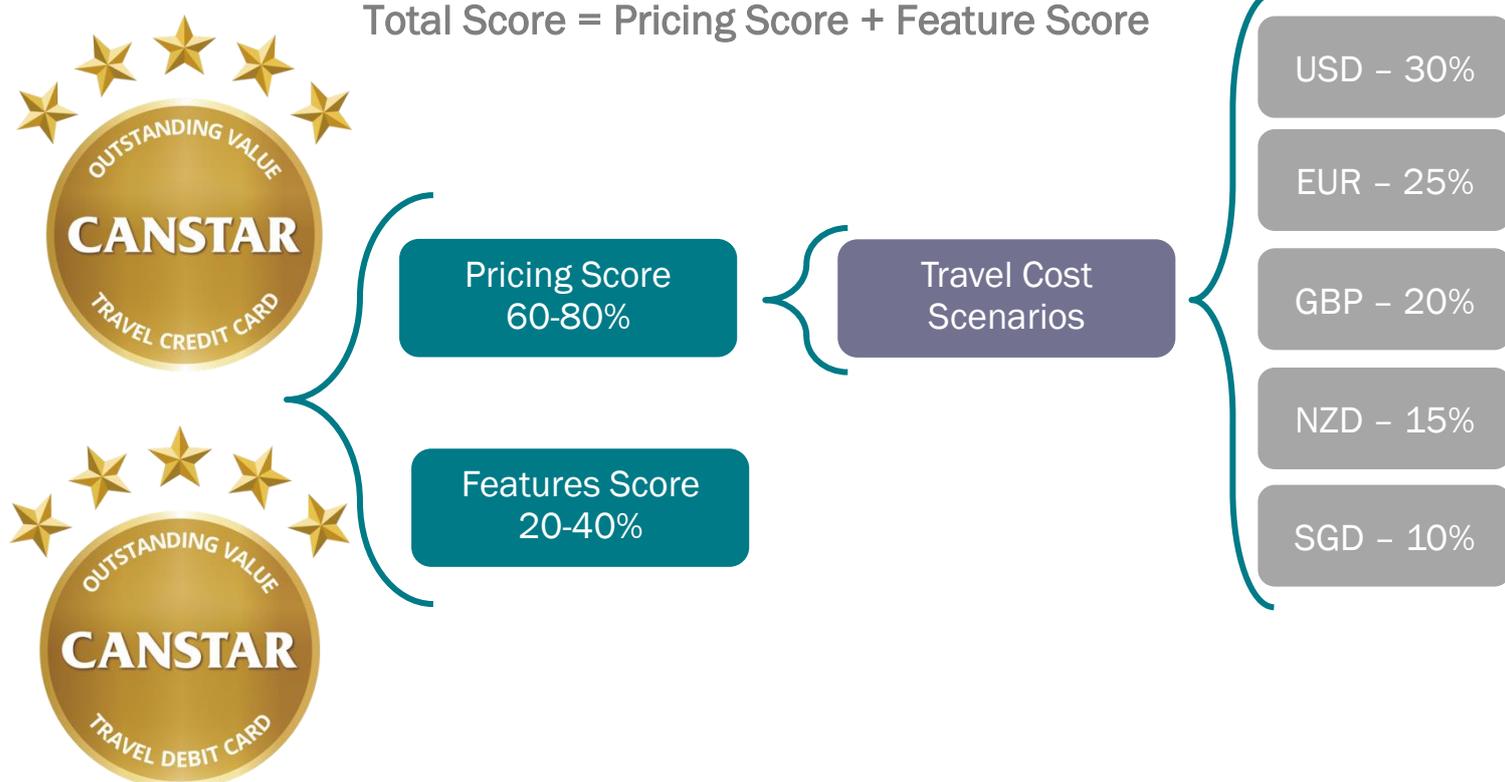
CANSTAR has adopted three different user profiles across credit and debit cards in an attempt to cover different types of spending patterns. The star ratings methodology differs for each profile in terms of the relative importance placed on the fees and features of the products assessed. For example, the methodology recognises that a “Regular Overseas Traveller” may gain more from having a premium card that includes features such as travel insurance and airport lounge access, than someone who is looking for a credit card to take with them on a once-off overseas trip.

How are the ‘stars’ calculated?

Each credit and debit card reviewed for the *CANSTAR Travel Credit and Debit Card Star Ratings* is awarded points for its comparative Pricing and for the array of positive Features attached to the card. These features include international ATM access, airline lounge access, travel insurance, security and fees.

To arrive at the total score CANSTAR, applies a weight against a Pricing and Feature Score. This weight will vary for each profile of card usage. The weight will reflect the relative importance of either costs or features in determining the best value card for the type of overseas traveller.

Total Score = Pricing Score + Feature Score



Weightings

| Product Type | Profile | Pricing | Features |
|--------------|-------------------------------|---------|----------|
| Credit Cards | Occasional Overseas Traveller | 80% | 20% |
| Credit Cards | Regular Overseas Traveller | 60% | 40% |
| Debit Cards | Overseas Travel | 80% | 20% |

Pricing

To find the overall cost of taking a card on an overseas trip, CANSTAR has designed a scenario that includes the cost of keeping the account open (account keeping fees or annual fees), fees for using the card overseas (currency conversion fees, ATM fees) as well as exchange rates and the cash-equivalent benefit of any reward points earned for spending on the card. Interest rates on credit cards are not considered in these ratings, as a credit card could become an extremely expensive way to pay for a holiday if it is not paid off within the interest free period. These ratings focus on the transaction costs and benefits of using a credit card overseas, rather than the cost of financing an overseas trip.

Fees for withdrawing cash from a credit card whilst overseas can be costly and users would likely encounter cash advance interest charges as soon as the withdrawal is made. In addition to this, some credit card products do not allow cash advances at all. For these reasons, CANSTAR has only compared credit cards on the cost of making purchases overseas. There are also other differences in how CANSTAR has assessed each product type within each profile – these are included in the table below.

| Product Type | Profile | Account active (months) | Amount spent overseas* | Total Purchase Use Overseas | ATM Use Overseas | | | Exchange rates considered | Rewards points considered |
|--------------|----------------------|-------------------------|------------------------|-----------------------------|------------------------|-------------|-----------------|---------------------------|---------------------------|
| | | | | | Total ATM Use Overseas | Network Use | Non-Network Use | | |
| Credit Card | Occasional Traveller | 12 | \$5,000 | 100% | - | - | - | ✓ | ✗ |
| Credit Card | Regular Traveller | 12 | \$10,000 | 100% | - | - | - | ✓ | ✓ |
| Debit Card | Overseas Travel | 3 | \$5,000 | 20% | 80% | 50% | 50% | ✗ | ✗ |

*To calculate the net cost of the card, the amount spent overseas is divided by the assumed average of 20 transactions per trip, *Regular Traveller* profile is assumed to take 2 trips per year, whereas the other profiles are assumed to take 1 trip per year.

Network ATMs: Where an institution provides free or discounted access to some ATMs overseas, ATM use overseas is apportioned between the discounted Network ATMs and Non-Network ATMs. For an ATM network to be considered there must be a reasonable chance that a traveller will encounter a Network ATM in their travels.

Rewards: Using CANSTAR's sophisticated Credit Card Rewards methodology, the value of rewards points earned are subtracted from the overall cost of ownership. This recognises that some credit card products provide bonus points for purchases made overseas that can partially or fully offset currency conversion fees. For credit cards with multiple rewards programs, the rewards option that leads to the best outcome is chosen.

Travel Cost Scenarios

The **Net Travel Cost** of each card is calculated in five different currencies.

CANSTAR firstly considers how much foreign currency equivalent will be available to the cardholder for spending on their trip, after fees for owning and using the card are subtracted.

| Net Amount Available to spend for each product (in foreign currency) | |
|--|--|
| Converted to foreign currency at the card scheme's exchange rate. | Total overseas spend amount of \$5,000 - \$10,000 |
| | minus annual fees and/or account keeping fees (fee waivers are considered) |
| | minus cost of foreign ATM withdrawals (usually a fixed fee plus a percentage fee) |
| | minus cost of point-of-sale transactions (usually a percentage fee) |
| | plus the cash-equivalent value of any rewards points earned (in cashback, vouchers, or flights). |

This is compared to a hypothetical product that has no fees, and an exchange rate equal to the best average rate observed between the three card schemes (Visa, MasterCard, and American Express) market during our survey period of four weeks. This is known as the **Benchmark Net Foreign Currency**.

The net cost of owning each card is then calculated:

$$\text{Net Travel Cost} = \text{Benchmark Net Foreign Currency} - \text{Product Net Foreign Currency}$$

Since the cheapest product may not be the same for each of the five currencies considered, we score all products for each currency and then combine these scores, applying the weights in the following tables. This recognises that some destinations, and therefore currencies, are more popular for overseas travelers.

| Currency | USD | GBP | EUR | NZD | SGD |
|----------|-----|-----|-----|-----|-----|
| Weight | 30% | 20% | 25% | 15% | 10% |

Features

Each card feature is allocated points. Points are awarded for positive traits such as low fees or greater flexibility. The total features score for each category of information (e.g. Travel Insurance) is ranked and weighted with each category contributing to the overall Feature score.

Weightings

The Pricing and Features are weighted differently for each spending profile, and slightly different product features are considered for both debit cards and credit cards. This is done in recognition of the relative importance of the different product components to each profile.

| Feature Category | Credit Cards | | Debit Cards | Examples of data captured |
|---------------------------------|----------------------|-------------------|-----------------|--|
| | Occasional Traveller | Regular Traveller | Overseas Travel | |
| Travel Insurance | 50% | 50% | - | |
| Activation Policies | 20% | 20% | - | Activation policy, cert of insurance provided, etc. |
| Insurance Coverage* | 80% | 80% | - | Item limits, exclusions, claims process, conditions. |
| Security | 10% | 10% | 15% | Card security, Change pin online, block purchases. |
| International ATM Access | 10% | 10% | 45% | International ATM network coverage. |
| Fees and Charges | 10% | 10% | 20% | International Card replacement fee, over limit fees. |
| Airport Lounge Access | 5% | 10% | - | Airline Lounge Access, etc. |
| Card Terms | 15% | 10% | 20% | Free days, Interest Rate, Interest charging polices. |

*Travel Insurance Coverage is evaluated using CANSTAR's sophisticated Travel Insurance Star Ratings Methodology (Single traveller profile) See www.canstar.com.au for the full Travel Insurance methodology.

Does CANSTAR rate all products 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 *Travel Credit and Debit Cards* reviewed for star rating purposes?

All ratings are fully recalculated every 12 months. CANSTAR also monitors changes on an ongoing basis.

How are the stars awarded?

CANSTAR ranks travel money cards based on value-for-money measures and then awards a star rating according to rank. The top cards will be awarded a five-star (or outstanding) rating. The number of cards awarded each of the three- to five-star ratings will ultimately depend on the dispersion of final scores.

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
- Health insurance
- Home & contents
- Home loans
- Life Insurance
- Managed investments
- Margin lending
- Online banking
- Online share trading
- Package banking
- Personal loans
- Reward programs
- Travel insurance
- Youth banking & education

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