

CANSTAR
INTERNATIONAL MONEY TRANSFERS
STAR RATINGS
METHODOLOGY



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, all Australian Authorised Deposit Taking Institutions (ADIs) that offer International Money Transfers are considered, as well as a selection of International Money Transfer service providers who are not ADIs.

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:



METHODOLOGY- SUMMARY

Total Score = Pricing + Features Score

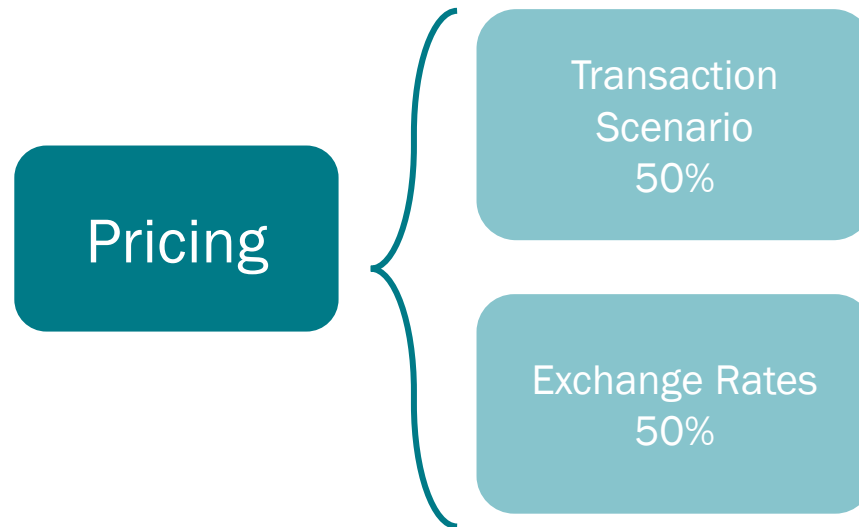


METHODOLOGY– PRICING SCORE

The pricing score is made up of two components (1) Transaction Scenario and (2) Exchange Rates.

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 exchange rate considers the average rate offered over a number of currencies during a four week period.



PRICING SCORE– TRANSACTION SCENARIO

The Transaction Scenario is used to take into account the financial outcome of making an international payment across a number of currencies. There are 500 scenarios based on an average transfer amount of \$15,000.

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 that is charged.

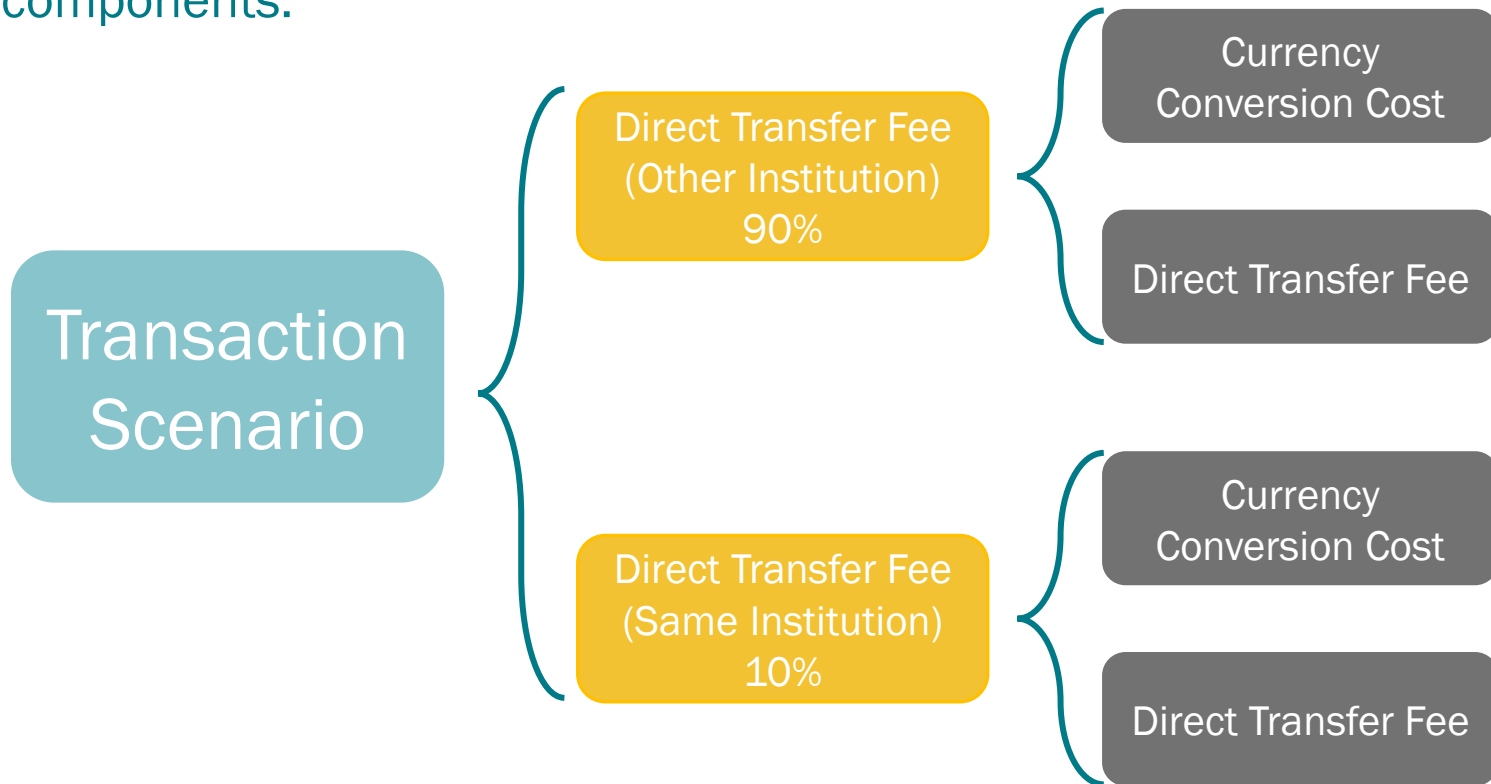
To find the overall cost of transferring money internationally, the transaction scenario calculations will consider the exchange rate and the cost to make the transfer.

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.

Our approach is summarised over the following three pages.

METHODOLOGY– TRANSACTION SCENARIO

The transaction scenario calculation is made up of the following two components:



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



PRICING SCORE– TRANSACTION SCENARIO

Method for calculating 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 New FX – Institution Net FX

PRICING SCORE– TRANSACTION SCENARIO

Method for calculating Net Cost:

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	40%
British Pound	20%
New Zealand Dollar	20%
Euro	20%

Note: The exchange rate across a range of currencies outlined above will be captured over a one month period taken twice each week. On each currency, the highest average rate over the prescribed period will be used as the benchmark. The currencies that are used for the Transaction Scenario are then used to calculate the Exchange Rate score using the same weightings.

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:

Features	Weight
International Payment Facilities	35%
Australian Government Guarantee Scheme*	20%
Fees and Charges	15%
Currency Information	15%
Top Tier Currencies Available	60%
2nd Tier Currencies Available	20%
Total Currencies	10%
Rate Information	10%
Customer Service, Tools and Education	15%

* The Australian Government Guarantee Scheme ('the scheme') gives a weighting to institutions that are covered under the scheme for deposits held by the institution (up to \$250,000) prior to the execution of a transfer.



DOES CANSTAR RATE ALL PRODUCTS AVAILABLE IN THE MARKET?

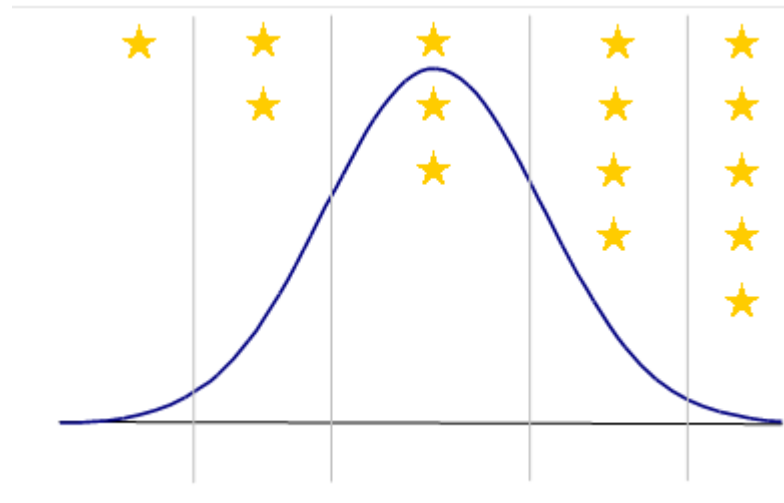
We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

HOW OFTEN ARE ALL THE PRODUCTS REVIEWED FOR RATINGS PURPOSES?

All ratings are recalculated annually based on the latest features offered by each provider. CANSTAR also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazine, television, websites, etc.).

HOW ARE STARS AWARDED?

The products are ranked with each category based on the total score received. The stars are then awarded based on the distribution of the scores with the objective to award the top 5-10% of products with the CANSTAR five-star rating. The results are reflected in a consumer-friendly CANSTAR star rating concept, with five stars denoting outstanding value.



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
- Business life insurance
- Deposit accounts
- Health insurance
- Landlord insurance
- Margin lending
- Package banking
- Reward programs
- Travel insurance
- Agribusiness
- Car insurance
- Direct life insurance
- Home & contents
- Life insurance
- Online banking
- Personal loans
- Superannuation
- Travel money cards
- Business banking
- Credit cards
- First home buyer
- Home loans
- Managed investments
- Online share trading
- Pet insurance
- Term deposits
- Youth banking



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