



METHODOLOGY

Junior and Youth Banking Awards

What are the Canstar *Junior and Youth Banking Star Ratings*?

The CANSTAR Junior and Youth Banking Awards use a sophisticated and unique methodology and are awarded to financial institutions that provide the best combination of products and services for young Australians. The award aims to give recognition to both banks and customer-owned institutions offering quality deposit products as well as services to schools, parents and children alike for the purpose of promoting financial literacy.

Eligibility Requirements

In order to be considered for the Award, a product must meet the following requirements:

Junior Award

Awarded to recognise both banks and customer-owned institutions offering quality deposit products as well as services to schools, parents and children alike for the purpose of promoting financial literacy.

Institution must have a suitable savings account that can be used by a consumer under 12 years old. This includes (but is not limited to) accounts that have been rated in the Junior Saver profile of the Savings and Transactions Accounts Star Rating.

Youth Award

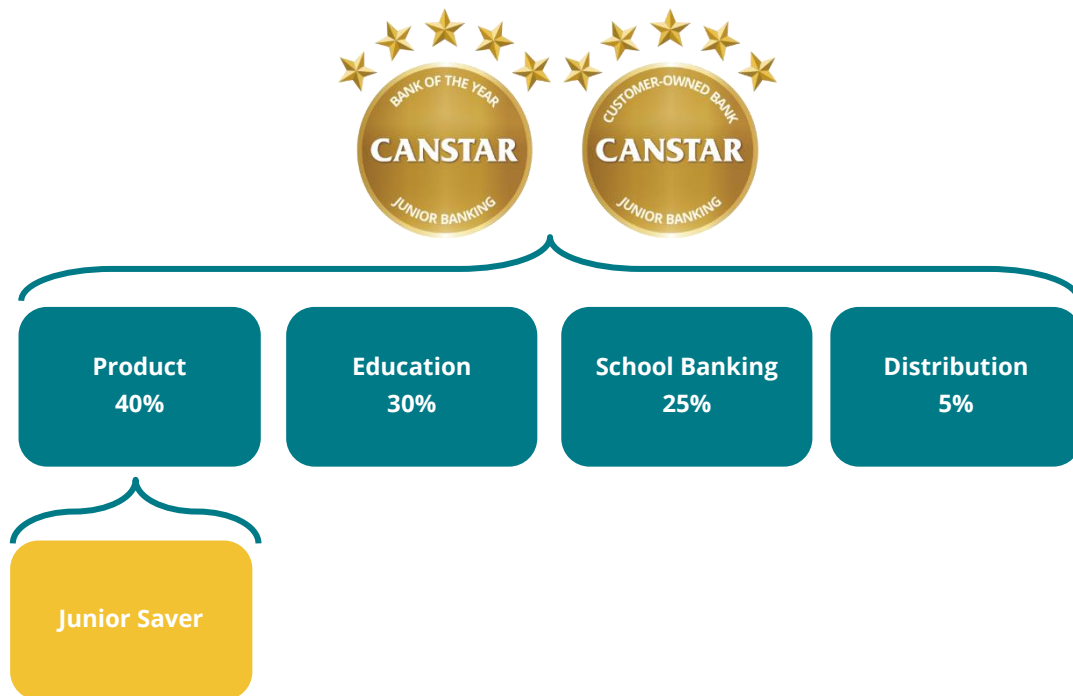
Awarded to recognise both banks and customer-owned institutions offering quality deposit products as well as services to schools, parents and children alike for the purpose of promoting financial literacy.

Institution must have a suitable savings account and a suitable transaction account that can be used by a consumer aged between 12 and 17 years old.

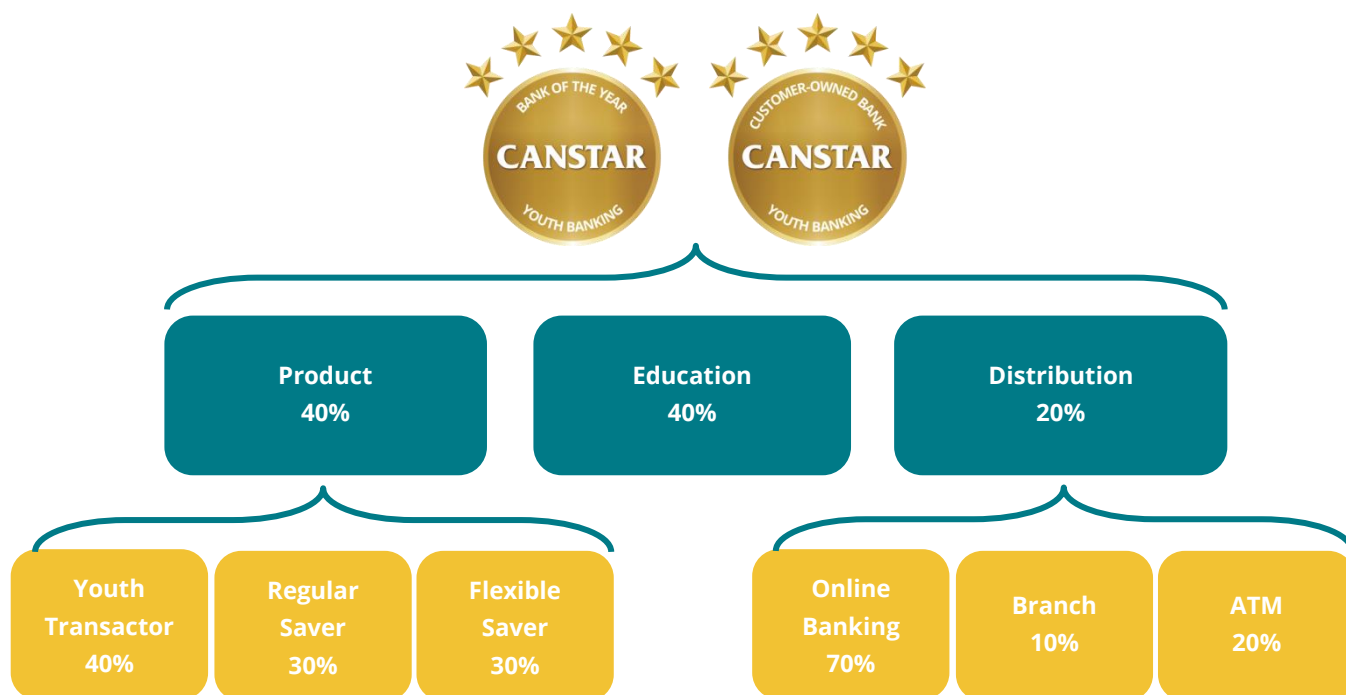
Award Methodology

While products are strongly considered, CANSTAR considers institutional investment in education, parental material, workshops and school banking. CANSTAR rewards institutions that spend time and energy on these aspects of junior and youth banking by assessing them against the following criteria;

Junior Banking



Youth Banking



Product Score

Results from the Savings and Transaction Accounts Star Ratings will be used for this award, with an institution's best performing product in each profile used in the award's calculations. Institutions that do not have accounts specifically designated as youth or junior accounts (and are not in the Star Ratings) will have their most appropriate product inserted in to the rating to ensure that these institutions remain eligible for the award. The Star Ratings methodology outlines the following weights comparing Price and Features of these products:

| Profile | Pricing | | | Features |
|------------------|---------------|----------------------|------------------|----------|
| Junior Saver | 70% | | | 30% |
| Youth Transactor | 70% | | | 30% |
| Regular Saver | 80% | | | 20% |
| Flexible Saver | 80% | | | 20% |
| Profile | Interest Rate | Transaction Scenario | Savings Scenario | Features |
| Junior Saver | 70% | 10% | 20% | 100% |
| Youth Transactor | 30% | 70% | - | 100% |
| Regular Saver | 60% | 10% | 30% | 100% |
| Flexible Saver | 60% | 10% | 30% | 100% |

Rates

The Interest Rate score is calculated using the average interest paid across the three weighted balances below. The average interest rate is calculated using the rate taken on the 1st and 15th day of the preceding 6 months. The balances used in this calculation for the Regular and Flexible saver profiles have been adjusted from the Savings and Transaction Accounts Star Rating to better represent the needs of Youth Banking.

| Profile | Balance 1 | Balance 2 | Balance 3 |
|------------------|-----------|-----------|-----------|
| Balance Weights | 50% | 35% | 15% |
| Junior Saver | \$250 | \$500 | \$1,000 |
| Youth Transactor | \$50 | \$125 | \$250 |
| Regular Saver | \$1,000 | \$2,000 | \$5,000 |
| Flexible Saver | \$1,000 | \$2,000 | \$5,000 |

As per the Savings and Transaction Accounts Star Rating, the following weightings have been applied to the type of interest rate paid on the accounts. The Total Rate considers the Base Rate plus ongoing bonus/conditional rates that are applicable to the account.

| Profile | Base Rate | Total Rate |
|------------------|-----------|------------|
| Junior Saver | 40% | 60% |
| Youth Transactor | 100% | - |
| Regular Saver | 30% | 70% |
| Flexible Saver | 100% | - |

Transaction Scenario

The Transaction Scenario analysis calculates the average cost incurred through typical transaction behaviour on the account using 100 hypothetical consumers. This table illustrates the weightings towards transaction types and the average balance and deposits that are unique to this award.

| | Junior Saver | Youth Transactor | Regular Saver | Flexible Saver |
|-----------------------------|--------------|------------------|---------------|----------------|
| Average no. of Transactions | 3 | 15 | 5 | 5 |
| Average Balance | \$500 | \$125 | \$2000 | \$2000 |
| Average Deposit | \$20 | \$100 | \$100 | \$100 |
| ATM withdrawal own network | - | 10% | - | - |
| Branch withdrawal | 20% | 5% | - | - |
| Branch Deposit | 80% | - | - | - |
| Point of Sale | - | 60% | - | - |
| Internet transaction | - | 25% | 100% | 100% |

Savings Scenario

A simple interest calculation is used to capture and differentiate the offerings in the market for bonus rates. The following outlines the scenario for each of the profiles:

| Profile | Deposit Amount | Term (months) | Description |
|----------------|----------------|---------------|--|
| Junior Saver | \$20 | 12 | Interest calculation is based on the interest earned on an initial deposit of \$20, \$20 monthly deposits on day one of each month, no deposit in month six, and a \$50 withdrawal on the last day of month twelve. |
| Regular Saver | \$1,000 | 12 | Interest calculation is based on the interest earned on \$50 monthly deposits on day one of each month and no deposit in month six. A \$50 withdrawal will be made on the last day of month three, five, seven and nine (for withdrawals in the year). |
| Flexible Saver | \$1,000 | 18 | Interest calculation is based on the interest earned on an initial deposit of \$1,000 over 18 months, taking into account the promotional rate and its length plus the base interest rate. |

Feature Score

Each of the product features is allocated points that are awarded for positive deposit account traits such as greater flexibility or access to facilities. The table below outlines the weights allocated across each category.

| Category | Junior Saver | Youth Transactor | Regular Saver | Flexible Saver | Description |
|------------------------|--------------|------------------|---------------|----------------|--|
| Account Facilities | 30% | 50% | 30% | 30% | Branch facility, ATM facility, internet facility etc. |
| Specific Conditions | 60% | 20% | 50% | 50% | Rules relating to account operation i.e. min withdrawal or balance, interest calculated & paid |
| Exception Fees | - | 15% | - | - | Fees such as overdrawn & dishonour fees |
| Account Design Options | 10% | 15% | 20% | 20% | Personalise accounts (name account), sub-accounts, savings plan |

Education

A key feature of providing a junior/youth banking program is the supporting tools and material available. For the award we looked at website resources as well as other resources for use by parents and teachers.

| Category | Category Description | Junior Award | Youth Award |
|------------|--|--------------|-------------|
| Tools | Junior Website, Youth Website, Savings Calculators, Budget Calculators, Games, Updated Games | 30% | 20% |
| Workshops | Community and School Workshops, Facilitators | 30% | 40% |
| Curriculum | Resources and Facilitators | 30% | 40% |
| Parents | Control and support for parents | 10% | - |

School Banking

Branch access and school banking are excellent tools to help children learn to save. In school banking we look at the availability of the banking program being offered to schools.

| Category | Category Description | Junior Award |
|--------------|---|--------------|
| Distribution | Operate Program, Frequency of Collection | 40% |
| Services | Open Account, Deposits, Rewards | 45% |
| Benefits | Commissions and Grants for financial literacy | 15% |

Distribution

Branch access and school banking are excellent tools to help children learn about banking. Easy access to branches and ATMs are rewarded based on the CANSTAR distribution analysis.

| Category | Category Description | Junior Award | Youth Award |
|----------------|---------------------------------|--------------|-------------|
| Branch | Ratio of Branches to population | 100% | 10% |
| ATM | No. of ATMs | - | 20% |
| Online Banking | Online Banking Functionality | - | 70% |

Does Canstar rate all products available in the market?

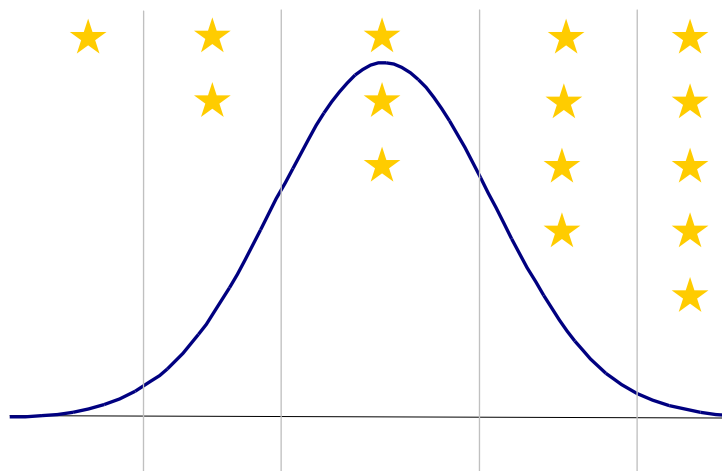
We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant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

How often are products reviewed for awards or star ratings purposes?

All ratings are fully recalculated every 12 months 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, magazines, television, websites, etc.)

How are the stars awarded?

Products are ranked based on the total score received for each profile. 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.



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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