



# Methodology

## Business Credit Cards

### August 2017

#### What are the Canstar *Business Credit Cards Star Ratings*?

Canstar's *Business Credit Card Star Ratings* use a sophisticated rating methodology, unique to Canstar, which compares the dominant credit card products in Australia and presents the results in a simple, user-friendly format.

Our rating methodology is transparent and extensive. The methodology compares all types of business unsecured credit and charge cards in Australia and accounts for an array of characteristics such as:

- Fees/Interest Rates
- Number of Free Days
- Standard Features
- Premium Features
- Reward/Loyalty Programs
- No Frills

The results are reflected in a consumer-friendly five-star concept, with five stars denoting a product offering outstanding value.

#### Eligibility Requirements

##### Low Rate

- Unsecured credit cards (excludes charge cards).
- Includes both business-liability and personal-liability cards
- A credit limit of \$10,000 must be available on application

##### Rewards

- The card must offer a rewards program that provides direct access to cash-back or gift cards.

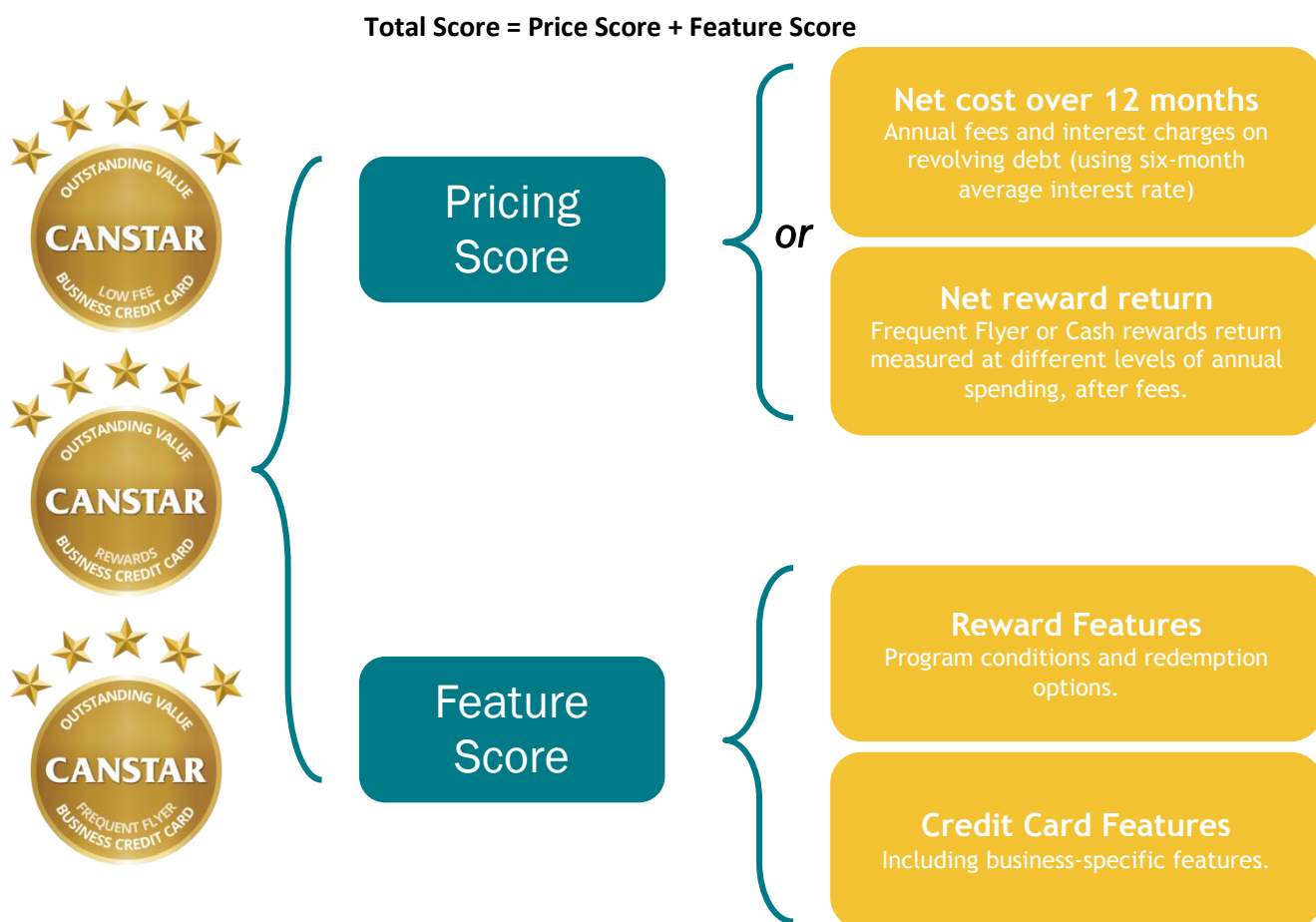
##### Frequent Flyer

- Rewards points must be able to be transferred to one or more frequent flyer programs that collectively offer flights between Sydney and the six destinations considered.

## Star Ratings Methodology

Each product reviewed for the Canstar *Business Credit Card Star Ratings* is awarded points for its comparative pricing and for the array of positive features attached to the product. Points are aggregated to achieve a price score and a feature score.

To arrive at the total score, Canstar applies a weight against the price score and the feature score. The weights reflect the relative importance of costs and features in determining the products offering outstanding value. This method can be summarised as follows:



Profile	Pricing Weight	Reward Return	Charge Cards	Revolving Interest Scenario	Feature Weight	
Low Rate	70%	✗	✗	✓	30%	
Rewards	70%	✓	✓	✗	30%	
Frequent Flyer	70%	✓	✓	✗	30%	
		✓ Included	✗ Not Included			

## Pricing Score

Profile	Number of Additional Cardholders	Reward Return	Charge Cards	Annual Purchases	Revolving Debt		
					Amount	Period (months)	Six-month average rate used
Low Rate	1	x	x	\$20,000	\$10,000	6	✓
The below profiles are each rated for four different amounts of annual spending							
Rewards	1	✓	✓		\$36,000		
Frequent Flyer	1	✓	✓		\$60,000		
					\$120,000		
					\$250,000		

### Low Rate Pricing Score

Products are scored based upon the net cost to the cardholder over 12 months with the lowest cost product receiving the top pricing score.

Net Cost over 12 Months:

- Historical Interest Rates (previous six months)
- Annual Fees
  - Includes 1 additional card holder
- Revolving Debt
  - Interest charges on \$10,000 borrowed for six months

### Rewards/Frequent Flyer Pricing Score

Products are scored based upon the net benefit to the cardholder over 12 months with the best performing product receiving the top score.

Net Reward Return:

- Value of Rewards
  - Cash/Gift card for six return flights
  - Different levels of annual spending analysed
- + Free Extras
  - Extras such as free flights, vouchers and hotel stays.
- - Fees
  - Includes 1 additional cardholder

## Pricing Score Details

### Companion Cards

For companion cards, 60% of spending is assigned to the higher earning card (American Express or Diners Club) and 40% to the lower (Visa or MasterCard).

### American Express and Diners Club

To recognise that American Express and Diners Club are accepted by fewer merchants than Visa and MasterCard, 15% of spending on these cards is assumed to earn no points.

### Free Extras

Free extras are considered for inclusion where their value is measurable in dollar terms and where relevant to the consumer profile.

- Free flight or travel voucher considered as a free extra in the Frequent Flyer profile.
- Free extras must be ongoing (not sign-up bonuses).

### Flight Reward Return

- If more than one airline partner is available, the best airline redemption option is considered for each route.
- Quotes are undertaken for flights six months in advance, out of peak travel periods.
- Routes considered are Sydney return Brisbane, Melbourne, Perth, Los Angeles, London and Singapore.

Annual Credit Card Spending	International Flights	Domestic Flights
\$36,000	20%	80%
\$60,000	40%	60%
\$120,000	40%	60%
\$250,000	40%	60%

## Feature Score

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. repayment capabilities) is ranked and weighted with each category contributing to the overall Feature Score.

Category/Subcategory	Low Rate	Rewards	Frequent Flyer	Examples of Data Captured
<b>Credit Terms and Conditions</b>	<b>55%</b>	<b>35%</b>	<b>35%</b>	
Business Specific Conditions	35%	55%	55%	Max number of cards, GST Statement, Limits
Card Terms	25%	15%	15%	Min repayments, balance transfers, introductory rates
Additional Fees and Charges	25%	15%	15%	Overdrawn, late fees, etc.
Interest Charging	15%	15%	15%	Grace period, date interest is calculated from
<b>Accessibility and Security</b>	<b>30%</b>	<b>25%</b>	<b>25%</b>	
Repayment Capabilities	40%	40%	40%	Branch, ATM, BPAY, Cheque, Internet
Online Transaction Security	30%	30%	30%	Chip, online shopping password, fraud protection
Merchant Acceptability	30%	30%	30%	Number of merchants card is accepted at.
<b>Benefits and Options</b>	<b>10%</b>	<b>30%</b>	<b>30%</b>	
Rewards	-	50%	45%	Rewards choices and conditions
Airline Lounge Access	-	10%	15%	Number of passes, availability of lounges.
Premium Card Facilities	100%	40%	40%	Insurances (Loss, theft, price protection, travel, warranty),
<b>Interest Free Days</b>	<b>5%</b>	<b>10%</b>	<b>10%</b>	Number of interest free days.

**Interest free days:** The products in the market with the highest number of interest free days receive the top score.

**Airline Lounge Access** is scored based on the availability of lounges to travellers in Australia and Overseas as well other factors:

- Number of lounge passes (e.g. 2, unlimited, or a discount-only on membership)
- Whether or not a purchase is required before the lounge passes are given (e.g. must use the credit card to make a purchase with the airline).

## Rewards Choices and Conditions

Feature Category	Rewards	Frequent Flyer
<b>Rewards Choices</b>	<b>80%</b>	<b>40%</b>
Shopping Rewards	25%	-
Frequent Flyer Rewards	10%	50%
Merchandise Rewards	20%	-
Travel/Accommodation Rewards	10%	50%
Point For Cash / Credit	15%	-
Entertainment Rewards	5%	-
Food & Beverage Rewards	5%	-
Lifestyle Rewards	5%	-
Additional Rewards	5%	-
<b>Program Conditions</b>	<b>20%</b>	<b>60%</b>
Earning Policies	20%	40%
Bonus Points Partner Information	10%	-
Points Capping Information	10%	-
Customer Service Information	10%	15%
Reward Program Fees	10%	-
Earning Policy Flexibility	10%	-
Account Status Information	10%	15%
Top-Up Policies	10%	15%
Expiration Policies	10%	15%

### Does Canstar rate all products available in the market?

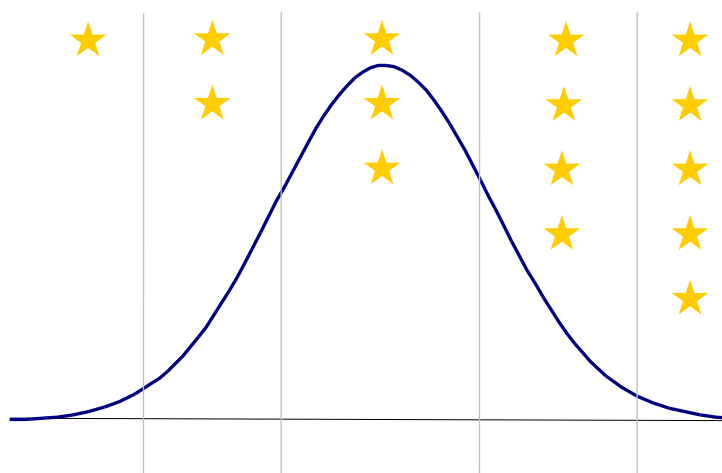
We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant 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](http://www.canstar.com.au) if you would like to view the latest star ratings reports of interest.



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- Landlord insurance
- Margin lending
- Package banking
- Reward programs
- Travel insurance
- Agribusiness
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- Home loans
- Managed investments
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- Youth banking

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