



METHODOLOGY

Junior and Youth Banking Awards

June 2018

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.

Institutions 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

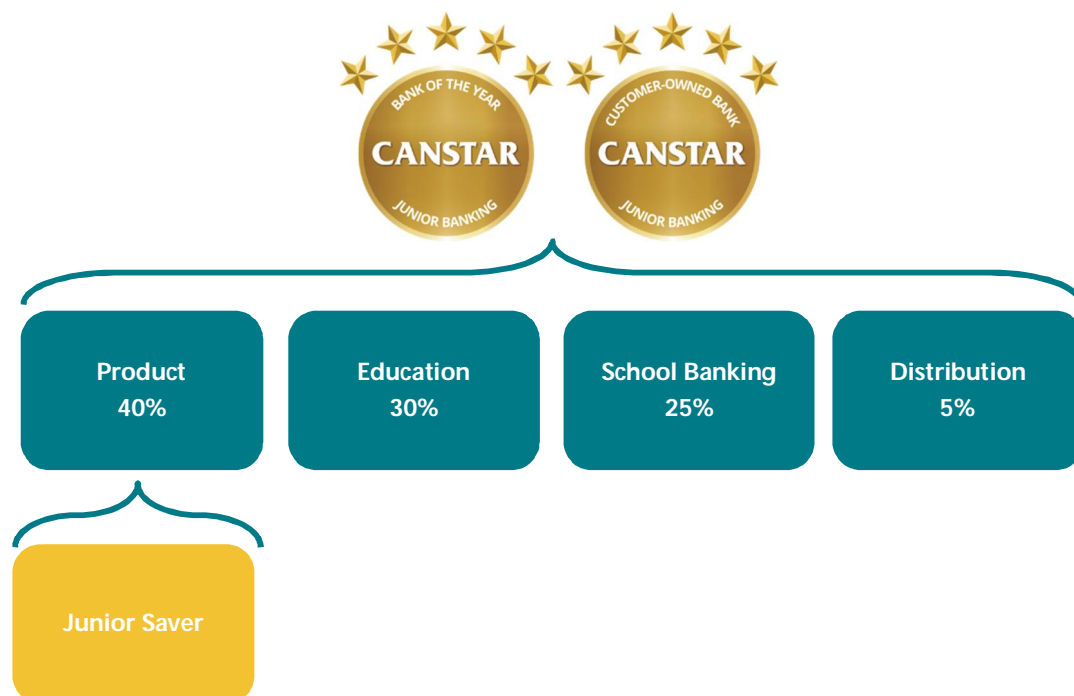
Awarded to recognise both banks and customer-owned institutions offering quality deposit products as well as services to schools, parents and children alike for the purpose of promoting financial literacy.

Institutions 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.

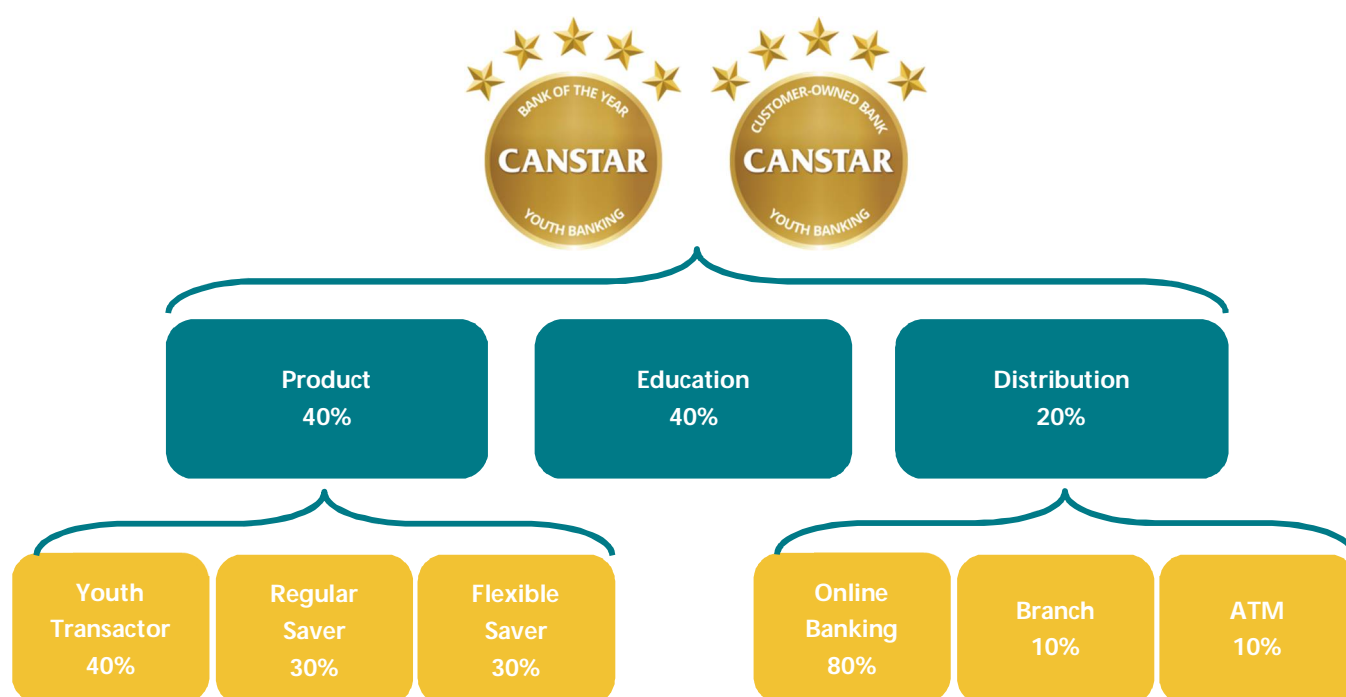
Award Methodology

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%

Price Score

The pricing score is calculated using the behaviour of 100 hypothetical consumers, with transaction behaviour determining the transaction fees, account keeping fees and interest earned on each account, with the average net cost or benefit obtained by the consumers across the scenarios indexed along a normal distribution, determining the Pricing Score. The methodology is outlined in the below diagram:



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	Flexible Saver	Regular Saver	Youth Transactor
Average no. of Transactions	3	5	3	15
Average Balance	\$500	\$2,000	\$2,000	\$125
Average Deposit	\$20	\$100	\$100	\$100
ATM withdrawal own network	-	-	-	12.5%
ATM withdrawal (other network *)	-	-	-	2.5%
Branch withdrawal	20%	-	-	-
Branch Deposit	80%	-	-	5%
Point of Sale	-	-	-	70%
Internet Transaction	-	100%	100%	10%
*Fee charged by institutions for using another network ATM plus direct ATM charge of \$2.50				

Savings Scenario

To recognise the various rates offered on different accounts for varying balance tiers, the interest component is the average interest earned across the 100 different balances. Scenario balances are randomly generated along a normal distribution with a profile appropriate range around the average balance for the profile.

The following scenarios are used to calculate the interest component of the Net Benefit/Net Cost, with balance details and types of interest considered:

Profile	Term (months)	Average Balance	Range of Balances	Base Rate	Conditional Bonus	Promotional Rate	Additional Details
Flexible Saver	18	\$2,000	\$250 to \$3,750	✓	✗	✓	Conditional Bonus linked to savings behaviour is not included, is included when condition is not dependent on savings stipulations.
Regular Saver	12	\$2,000	\$250 to \$3,750	✓	✓	✗	Saving deposit conditions are met in all months except for month 6, and a withdrawal is made in month 12.
Junior Saver	12	\$500	\$250 to \$750	✓	✓	✗	
Youth Transactor	1	\$125	\$0 to \$250	✓	✗	✗	-

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	40%	65%	50%	50%	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

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	-	10%
Online Banking	Online Banking Functionality	-	80%

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.)

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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