



INNOVATION EXCELLENCE

Report No. 1

April 2009

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Innovation Excellence

INNOVATION: WE'RE SURROUNDED BY IT

The penchant for problem solving, that is the human condition, has largely served us well in our journey from cavemen to future astro dwellers. Clever entrepreneurs mixed with chance inventors of all persuasions have changed, and continue to change, the way we do things, mostly for the better.

Consider the four areas of innovation:

- New or improved products (e.g. First Transistor)
- New production methods (e.g. Henry Ford's car production line)
- New distribution channels (e.g. Amazon)
- New forms of business organisation (e.g. franchising)

We continually find new ways of doing things, so much so that the innovation to transform ideas and inventions into successful market products and services is almost part of our genome. There is no end to it and that's the exciting part.

BANKING ON INNOVATION

It's no secret that the banking and insurance industries are having a hard time of it, thanks to the global financial crisis and a flood of natural disasters destroying homes and lives. Traditionally, depressed conditions like the ones we are now in have spawned a flood of innovation fledglings. Amazingly in the roller coaster markets we've had, the banking industry is showing signs that innovation is far from dead. Insurance companies, too, are striving for new levels of understanding and linking claiming methods with the way customers operate.

Financial service institutions are generally not recognized for improving the lives of customers but think back to the "good ol' days" of banking when there were no ATMs, mobile lenders, weekend opening hours, internet banking, Eftpos, Bpay, reverse mortgages and transactional mortgages. How would we operate now without these innovations?

New products that lower costs and increase benefits are continually being introduced. A different way of doing things is overtaking the way it has always been done. It's obvious to us at CANSTAR CANNEX that lateral thinking is paying dividends in enhancing convenience for customers.

In the last 12 months, we have seen hundreds of new products and services introduced by the banking and insurance sectors. Fifty of these have been outstanding enough to warrant consideration for an Innovation Excellence Award, being presented for the first time by CANSTAR CANNEX.

WHAT COMES FIRST – CHICKEN OR EGG?

History shows us the development of products and services often rides on the back of new technology

Technology is not an absolute prerequisite to innovation but is often the driving force behind product development. We have seen this in the banking sector with the development of contactless payment systems, the technology that underpins things we now take for granted such as mobile banking and PayPass on debit and credit cards where you pass a credit card across a reader at, say, McDonalds and you can pay for anything up to a \$35 limit.



Customer demand is also a major factor behind innovation. ‘Necessity being the mother of invention’ is behind new ways of doing things. If they are good enough, they will be eagerly embraced and ensured successful uptake.

Computer and targeted software development in the life, general and health insurance industries has opened up a new world of possibilities. Application processes are now done at the speed of light. Claims handling is much better understood because technology encourages flexibility. The processing of claims reflects that. The life insurance companies in particular are now offering cover to suit all life stages, e.g. women and children.

Once the technology has been developed, competition plays a part by widening customer choice, e.g. internet banking, phone banking, ATM transactions. Granted there may still be problems with ATM fees which the Reserve Bank hopes to iron out through deregulation of the sector but imagine life today without ATMs or mobile phones or many of the other little things we take for granted. They all had to start life in the invention/innovation melting pot somewhere.

WHO'D HAVE THOUGHT?

The eager uptake of the internet as a delivery channel continues to offer infinite solutions for the way banks and insurance companies interact with their customers.

Cast your mind back thirteen years ago when ING introduced the first online savings account that paid a high interest, provided you did all your transactions online. There are now an astonishing 87 online savings accounts, offered by just about every financial institution. And they said it couldn't last!

When Bankcard was released in Australia in 1974, it was a first for shoppers. Australians could now shop without cash in their pocket or even their account. Today CANSTAR CANNEX has 239 credit cards on its database. That certainly is testament to the original Bankcard innovation taking off.

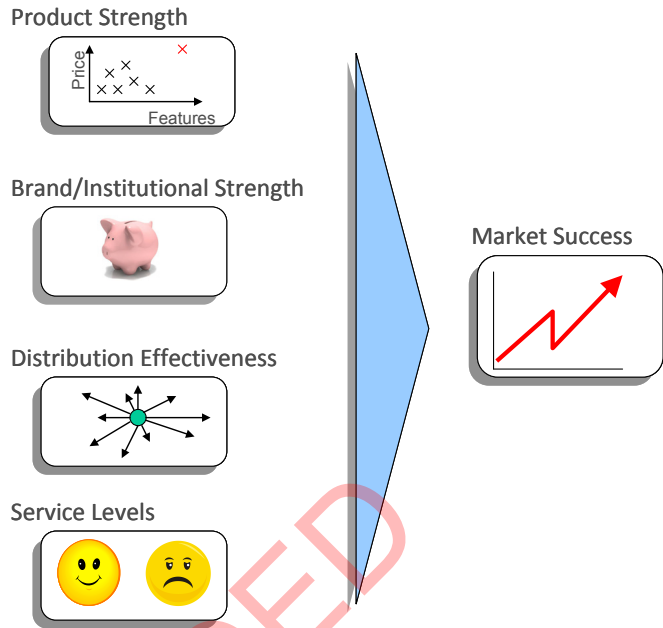


WHAT CUSTOMERS REALLY THINK

Encouraging innovation is a win-win situation. The bottom line of all innovations is to achieve market success and better uptake by customers. This is a desirable outcome for both provider and customer. We found that out first hand recently through our extensive Australia-wide Bank Customer Satisfaction Survey.

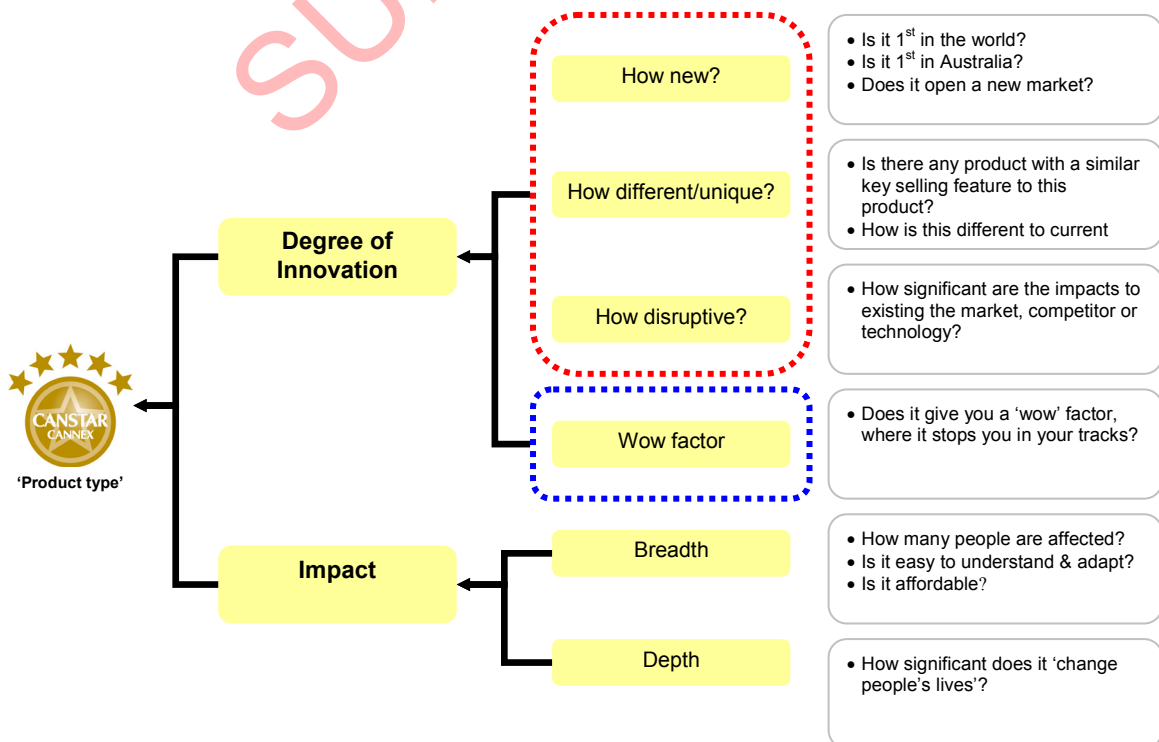
Real customers told us that innovation was a key driver in the level of satisfaction they felt with their bank. This ranked along with account product and pricing, problem solving ability and friendliness of staff in determining the overall view the customer formed about the institution. This directly reflected on how satisfied or dissatisfied people were with their bank.

While we have not surveyed satisfaction people feel with their insurance companies, it doesn't take Einstein to figure out that much the same scenario would apply across the insurance spectrum, whether it is health, home & contents, car, life or its associated income protection and trauma policies. Products that are in step and enhance our lifestyle provide a greater degree of protection which only comes about through innovation.



ENCOURAGEMENT THROUGH REWARD

As always, CANSTAR CANNEX applauds and encourages excellence in the financial and insurance sectors. The level of innovation we are seeing has spurred us on to reward the top products with an Innovation Excellence Award, our first-ever official recognition of products and services showing an outstanding degree of innovation and impact on the target market.



How did we go about it? Comparing apples with oranges was never going to be easy but our methodology captured scores in the most important areas to level comparisons between products as diverse as an everyday money credit card and pay-as-you-drive car insurance.

To be categorised as innovative, we felt a product should definitely be a first and perhaps open up a whole new market. Degree of uniqueness and difference to existing competitors was also important, as was the disruption factor. How significant the impact of this product or service was to the market also measured in the final score. And, of course, something that's truly innovative can't help but have that 'WOW' factor. Does it stop you in your tracks, make you gasp 'why didn't I think of that?' or simply do something that goes way beyond your expectations for that style of product or service? When ascertaining level of innovation, the WOW factor is very definitely something we can all relate to.

Finally, we scored products on their overall impact. We looked at how many people would benefit from the innovation, ease and expense of application, along with potential to change lives. A big ask, you might say but the degree of innovation was determined by how many ticked the appropriate boxes.

THE FINAL COUNTDOWN – OUR TOP 8 WINNERS

Fifty finalists were selected from the hundreds of products and services introduced by banks and insurance companies in the last 12 months. This short list of products was then researched, compared and rated with our usual thoroughness to determine eventual winners of CANSTAR CANNEX Innovation Excellence Awards across different categories.



Each of the products listed below cuts through for innovation shown in a particular area of offering or segment of the market. Slick improvements are noted in existing and often saturated product areas, as well as products that open up new frontiers. These innovations, whether large or small, are important and certainly valuable to everyone who uses banking and insurance products.



INNOVATION EXCELLENCE AWARDS – BANKING

(SORTED ALPHABETICALLY)



ANZ – Online Investment Account

Launched November 2008

This product has the potential to revolutionise investing through its ease of access. You only need a minimum deposit of \$1,000 which is then invested for you in the sharemarket. The account's performance is directly linked to the ASX200. Making regular contributions should add to your wealth down the track. Best of all, you can withdraw funds the same day or overnight. It takes the hard work out of investing.

www.anz.com.au

☎ 13 33 50



Australian Central Credit Union – Cheers Everyday Account

Launched October 2008

This is a day-to-day transaction account with a difference. Instead of charging you a fee on Bpay & VISA debit transactions, rewards of 10 cents and 5 cents per respective transactions are credited to your account. The monthly account fee is waived if a minimum balance of \$2,500 is maintained throughout the entire calendar month plus a \$2 bonus is paid to you, in this instance. That's something to cheer about.

www.accu.com.au

☎ 13 13 21



Commonwealth Bank – NetBank

Relaunched March 2009

An internet banking system where a single login and password gives you access to all your Commonwealth Bank accounts in the one place. You can view your banking, broking, insurance and investment accounts in the one place. You can also do a whole host of things on this one netbank site such as apply for a personal loan, upload supporting documents, receive approval, accept a contract, and receive loan funds. It can all be done online without the need to physically walk into a Commonwealth Bank branch or wait for hard copy documents to arrive via snail mail before you can complete a loan process.

www.commbank.com.au

☎ 13 22 21



HSBC – HSBC Premier Global Transfer

Launched December 2008

This internet banking service offers the world's first immediate personal banking foreign currency transfers. HSBC Premier customers (those with a \$500,000 relationship with HSBC) can now transfer funds between their HSBC accounts worldwide with a preferential foreign exchange rate, no foreign exchange fees and immediate access. This service offers total convenience for travelers or those with business interests overseas because it allows them to go online and transfer funds instantly with no fees.

www.hsbc.com.au

☎ 1300 301 168 (or +61 2 9005 8192 from overseas)



SmartyPig – powered by ANZ

Launched February 2009

It's a savings account for people who want to save for specific goals. The best part about SmartyPig is that it's also a social savings account you can actually link to facebook, MySpace, etc to share your goal with your friends. For instance, you may have a big occasion coming up such as a wedding. Family and friends can contribute to your SmartyPig account on your behalf and you can keep them informed of how your savings goal is coming along.

www.smartypig.com.au

☎ 1800 267 808



Woolworths – Everyday Money Credit Card

Launched September 2008

This credit card rewards you for day-to-day supermarket spending by giving regular shopping vouchers redeemable within the Woolworths retail network. Using this card to pay for fuel at selected Woolworths-Caltex petrol stations eliminates the need to carry shopping docket with you – everything is recorded on the card. Future developments include epump, a new way to pay for your fuel at the pump without going inside to the cashier. Discounts earned are automatically processed on the card and deducted from the total price.

www.everydaymoney.com.au

☎ 1300 10 1234



Innovation Excellence



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INNOVATION EXCELLENCE AWARDS – INSURANCE

(SORTED ALPHABETICALLY)



Real Insurance – PAYD ‘Pay As You Drive’™

Launched August 2008

Pay As You Drive is a new kind of car insurance policy that gives you the chance to save if you drive less than the average profile for your age and your area. This policy is ideally suited for people who perhaps have a second car they don't drive much, use public transport in preference to commuting by car or work close to home. You nominate your expected mileage and can top up if need be. Pay As You Drive offers an alternative and cheaper way to insure if you are a low kilometre driver.

www.payasyoudrive.com.au

☎ 13PAYD (7293)



Australian Unity – Member Wellness Benefits

Relaunched April 2009

Australian Unity goes a step further in promoting its free health and wellbeing program for members because it actually give financial incentives to drive individual behavioural change. It offers a wide range of programs including interactive tools, chronic disease management coaching and more. This program contributes \$100 towards members joining approved weight loss programs and rewards them with \$100 cash when they achieve their goal weight. If they stay within 5kg of their goal weight for 12 months, members will receive a further reward of \$150 deposited into their bank account.

www.australianunity.com.au

☎ 1300 88 64 74

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