



METHODOLOGY

Travel Credit and Debit Cards Star Rating

August 2020

What are the Canstar *Travel Credit and Debit Card Star Ratings*?

Canstar's *Travel Credit and Debit Card Star Ratings* uses a sophisticated and unique ratings methodology that compares both cost and features across both credit cards and deposit accounts with card access (debit cards), with a particular focus on the features and fees related to overseas travel. Canstar star ratings represent a shortlist of products, enabling consumers to narrow their search to products that have been thoroughly assessed and ranked. Canstar's *Travel Credit and Debit Cards Star Ratings* are a transparent analysis comparing a range of credit and debit cards across the market.

Ratings range from five stars to one star. Five-star rated products have been assessed as offering outstanding value to consumers. The titles of "Outstanding Value - Travel Credit Card" and "Outstanding Value - Travel Debit Card" are awarded to products that obtain a five-star rating based on performance across the judging criteria outlined in this document.

Eligibility Requirements

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

Product Type	Eligibility
Travel Credit Card	Personal, unsecured credit cards and charge cards with access to point of sale and ATMs overseas
Travel Debit Card	Personal deposit accounts with access to point of sale and ATMs overseas

Profile Description

Canstar appreciates that travellers have different spending habits and therefore value different features in their cards that they take overseas. In recognition of these differences, the Canstar *Travel Credit and Debit Card Star Ratings* reflect a range of spending styles and card usage patterns.

Product Type	Profile Name	Summary
Credit Card	Occasional Overseas Traveller	For consumers looking for a low-cost credit card to take on an overseas trip, perhaps as a once-off or once a year. <ul style="list-style-type: none"> Total cost of an annual travel scenario with \$5,000 spent. Includes annual fee waivers where applicable. Ease of activation and depth of travel insurance offering. Security and ATM access overseas.
	Regular Overseas Traveller	For consumers looking for fully featured credit card to use overseas on a regular basis or at least a few times per year. <ul style="list-style-type: none"> Total cost of an annual travel scenario with \$10,000 spent. Includes annual fee waivers where applicable. Rewards on spending are considered. Ease of activation and depth of travel insurance offering. Security and ATM access overseas.
Deposit Account (Debit Card)	Overseas Travel	For consumers looking to spend their own money overseas – combination of ATM usage and Point of Sale. <ul style="list-style-type: none"> Total cost of a travel scenario with \$5,000 spent. Includes annual fee waivers where applicable. Account is kept active for 3 months. Access to an overseas ATM network. Other fees and charges.

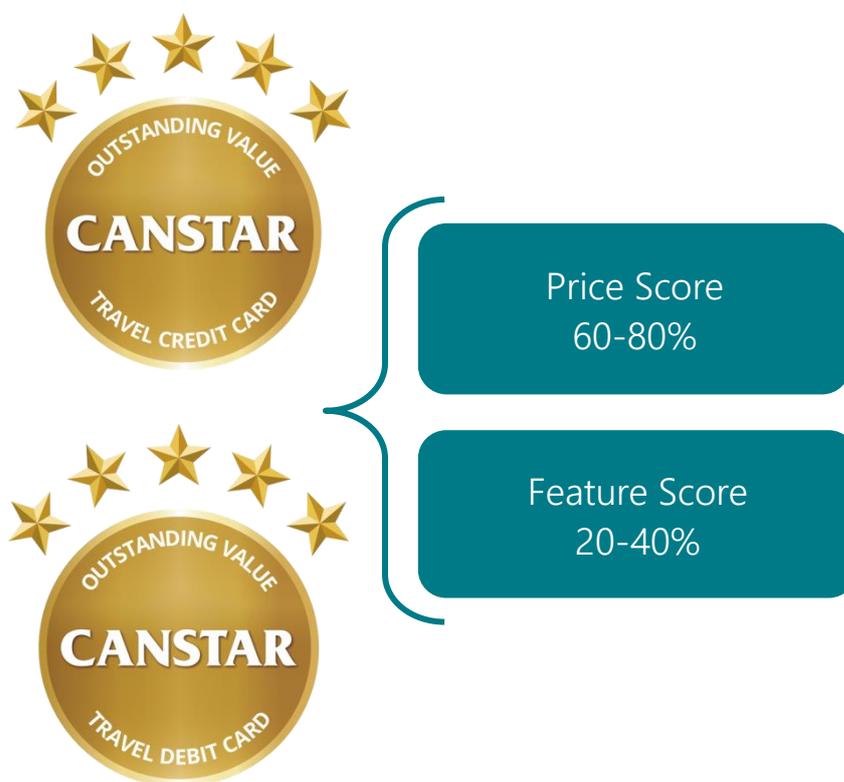
Canstar has adopted three different user profiles across credit and debit cards in an attempt to cover different types of spending patterns. The star ratings methodology differs for each profile in terms of the relative importance placed on the fees and features of the products assessed. For example, the methodology recognises that a “Regular Overseas Traveller” may gain more from having a premium card that includes features such as travel insurance and airport lounge access, than someone who is looking for a credit card to take with them on a once-off overseas trip.

Star Ratings Methodology

Each credit and debit card reviewed for the Canstar *Travel Credit and Debit Card Star Ratings* is awarded points for its comparative pricing and for the array of positive features attached to the card. These features include international ATM access, airline lounge access, travel insurance, security and fees.

To arrive at the total score Canstar, applies a weight against a Price and Feature Score. This weight will reflect the relative importance of either costs or features in determining the best value card for the type of overseas traveller.

Total Score = Price Score + Feature Score



The weighted for each profile are listed in the table below:

Product Type	Profile Name	Price	Features
Credit Card	Occasional Overseas Traveller	80%	20%
	Regular Overseas Traveller	60%	40%
Debit Card	Overseas Travel	80%	20%

Price Score

To find the overall cost of taking a card on an overseas trip, Canstar has designed a scenario that includes the cost of keeping the account open (account keeping fees or annual fees), fees for using the card overseas (currency conversion fees, ATM fees) as well as any reward points earned for spending on the card (cash equivalent of reward points). Interest rates on credit cards are not considered in these ratings, as a credit card could become an extremely expensive way to pay for a holiday if it is not paid off within the interest free period. These ratings focus on the transaction costs and benefits of using a credit card overseas, rather than the cost of financing an overseas trip.

Fees for withdrawing cash from a credit card whilst overseas can be costly as users are likely to encounter cash advance interest charges as soon as the withdrawal is made. In addition to this, some credit card products do not allow cash advances at all. For these reasons, Canstar has only compared credit cards on the cost of making purchases overseas. There are also other differences in how Canstar has assessed each product type within each profile – these are included in the table below.

Product Type	Profile	Account active (months)	Amount spent overseas	Transactions	Total International Point of Sale Transactions	ATM Use Overseas			Rewards points considered
						Total	Network Use	Non-Network Use	
Credit Card	Occasional Traveller	12	\$5,000	20 (1 trip)	100%	-	-	-	✗
	Regular Traveller	12	\$10,000	40 (2 trips)	100%	-	-	-	✓
Debit Card	Overseas Travel	3	\$5,000	20 (1 trip)	100%	50%	40%	60%	✗

Network ATMs:

Where an institution provides free or discounted access to some ATMs overseas, ATM use overseas is apportioned between the discounted Network ATMs and Non-Network ATMs. For an ATM network to be considered there must be a reasonable chance that a traveller will encounter a Network ATM in their travels.

Rewards:

Using Canstar's sophisticated Credit Card Rewards methodology, the value of rewards points earned are subtracted from the overall cost of ownership. This recognises that some credit card products provide bonus points for purchases made overseas that can partially or fully offset currency conversion fees. For credit cards with multiple rewards programs, the rewards option that leads to the best outcome is chosen.

Conditional transactional cost rebates:

Where an institution rebates the costs incurred when transacting overseas when certain conditions have been met. E.g. a monthly salary credit and a number of transactions on the account in the month prior to travel.

Net Travel Cost:

The Net Travel Cost of each card is calculated in consideration of how much will be available to the cardholder for spending on their trip, after fees for owning and using the card are subtracted:

Net Amount Available to spend for each product
Total overseas spend amount of between \$5,000 and \$10,000
Minus annual fees and/or account keeping fees (fee waivers are considered)
Minus cost of foreign ATM withdrawals (usually a fixed fee plus a percentage fee)
Minus cost of point-of-sale transactions (usually a percentage fee)
Plus, the cash-equivalent value of any rewards points earned (in cashback, vouchers or flights)

Feature Score

The feature score is designed to consider the customer journey, and how the product is used from start to finish. The following table breaks down the five main stages of a customer's journey with Travel Credit or Debit Cards.

Weightings

The Price and Feature scores are weighted differently for each spending profile, and slightly different product features are considered for both debit cards and credit cards. This is done in recognition of the relative importance of the different product components to each profile.

Feature Category	Credit Cards		Debit Cards
	Occasional Traveller	Regular Traveller	Overseas Travel
Research	5%		
Application	10%		
Application and Identification	60%		
Onboarding	40%		
Account operation	65%		
Travel Insurance*	50%		-
Activation policies	20%		-
Insurance coverage	80%		-
Airline Lounge Access	5%	10%	-
Account Management	20%	15%	50%
Card Management	25%		35%
Statement and History	25%		35%
Alerts and Notifications	20%		30%
Additional and Replacement Cards	30%		-
Transactions	15%		50%
Purchasing	70%		45%
Cash Advance	25%		-
International ATM access**	-		45%
Overdrawing Facilities	-		10%
Merchant Acceptability	5%		-
Repayments and Interest Charging	10%		-
Customer service and support	10%		
Call Centres	50%		
Branch Availability	25%		
Security and Fraud Detection	25%		
Account Closure	10%		
Closure	100%	80%	100%
Impact on Rewards Points	-	20%	-

*See next page for clarification on Travel Insurance feature score breakdown.

**For debit cards, this is scored based on the number of ATMs included in the institutions global international ATM network against the approximate number of ATMs in the world, 3.5 million. Where an institution allows for the rebate of all third-party ATM fees, they will receive the maximum score for this category. For credit cards, this score is based on the availability and fees associated with accessing cash via an ATM while overseas i.e. a cash advance.

Travel Insurance Coverage

All weights for the travel insurance coverage component of the rating are taken from Canstar's *Travel Insurance Star Ratings* and based on cover for a single traveller.

Category	International	Definition
Policy Conditions	35%	
Definitions	45%	Definition on covers, e.g. definition of dependents, pre-existing medical condition, etc.
Claim processes	35%	Claim online, claim over the phone, 24hr helpline, helpline accept reverse charge calls
Policy Flexibility	20%	Nil excess, adjustable excess, extend travel period, extra cover for paying extra
Policy Inclusions	5%	
Events and Activities Cover	100%	Terrorism ,snow sport, water sport, rock climbing, motor cycle, non-professional sporting trip that insurers may/may not include
Policy Benefits	60%	
Overseas Medical and Dental	40%	Level of covers on medical and dental related issue
Cancellation Fees and Loss of Deposit	20%	Level of covers on administrative related fees
Luggage and Travel Documents	15%	Level of covers on personal belonging
Emergency Travel Arrangements	15%	Level of covers on unexpected changes during period of travel
Rental Vehicle Cover	5%	Level of covers on rental vehicle excess
Other Benefits	5%	Accidental Death, Disability and Loss of Income, Legal Liability, Domestic Services

Does Canstar rate all products available in the market?

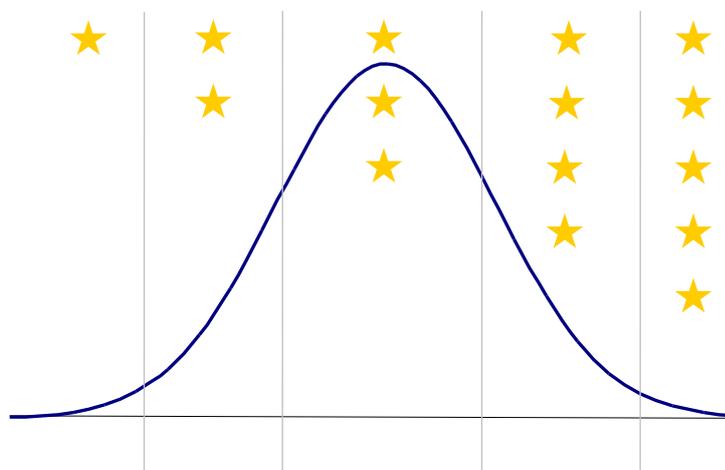
We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant 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
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- Home loans
- Managed investments
- Online share trading
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- Youth banking

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