

Business Credit Cards

August 2021



What are the Canstar Business Credit Card Star Ratings?

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

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

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

What are the profiles used for Canstar Business Credit Card Star Ratings?

The Business Credit Card Star Ratings make up the Canstar Outstanding Value - Business Credit Cards Awards. Canstar appreciates that credit card users have different spending habits and therefore value different features in their credit cards. In recognition of these differences, the Canstar Business Credit Card Star Ratings reflects a range of spending styles and credit card usage patterns. The Star Ratings methodology differs for each customer segment in terms of the relative importance placed on the fees and features of the products assessed. The table below provides a description on each profile.

Canstar has adopted three different credit card user profiles in an attempt to cover the majority of card spending and payment patterns. The Star Ratings methodology differs for each profile in terms of the relative importance placed on the fees and features of the cards assessed. For example, the methodology recognises that interest rates will be more important to those who rarely pay off their card balance each month than they will be for those who always pay the balance owing on their card.

User profiles

Profile	Description	Eligibility Requirements
Low Rate Credit Cards	For businesses seeking a credit card with a low interest rate and flexible repayment conditions	<ul style="list-style-type: none"> ● Business, unsecured credit cards ● A credit limit of \$10,000 must be available on application ● Includes both business-liability and personal-liability business credit cards ● Six months' worth of rates required to receive a Star Rating
Rewards Credit Cards	For businesses seeking a credit or charge card that gives them the optimal return on their everyday spending	The card must offer a rewards program that provides direct access to cash-back, or, gift cards.
Frequent Flyer Credit Cards	For businesses seeking a credit card or charge card that will allow them to redeem points for flights	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 features attached to the product. These features include rewards programs, premium card facilities, repayment capabilities and conditions attached to interest charging. 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 Included	Revolving Interest Scenario	Feature Weight
Low Rate	70%	X	X	✓	30%
Rewards	70%	✓	✓	✓	30%
Frequent Flyer	70%	✓	✓	✓	30%

✓ Included X Not Included

Price Score

Profile	Number of Additional Cardholders	Reward Return	Charge Cards Included	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 three different amounts of annual spending							
Rewards	1	✓	✓	\$36,000	\$1,500	1	✓
Frequent Flyer	1	✓	✓	\$60,000	\$2,500		
				\$120,000	\$5,000		

Price Score – Low Rate

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

Net Cost over 12 Months:

- Historical Interest Rates
- Annual Fees
 - Includes 1 additional card holder
- Revolving Debt of \$10,000 for six months

Price Score – Rewards & Frequent Flyer

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 (Rewards) or three return flights (Frequent Flyer)
Sydney return Melbourne, Brisbane and Perth
 - Different levels of annual spending analysed
- + Free Extras
 - Extras such as free flights, vouchers and hotel stays.
- - Fees
 - Includes 1 additional cardholder
- Interest charges on one-month revolving debt.

Price Score Details

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 and Perth.

Annual Credit Card Spending	Domestic Flights
\$36,000	100%
\$60,000	100%
\$120,000	100%

Feature Score

Each card feature is allocated points. Points are awarded for traits such as low fees or greater flexibility. The total features score for each category of information (e.g. Account Operation) is weighted with each category contributing to the overall Feature Score.

The feature categories and subcategories, with assigned weights for each profile considered, are as follows:

Subcategory	Low Rate	Rewards	Frequent Flyer
Research		5%	
Application and Onboarding		15%	
Application and Identification		60%	
Onboarding		40%	
Account Operation		55%	
Transactions	25%	15%	
Purchasing		60%	
Cash Advance		25%	
Digital Wallet		5%	
Merchant Acceptability		5%	
Foreign Currency Purchase		5%	
Business Specific Conditions	10%	5%	
Repayments and Interest Charging	40%	15%	
Repayments	35%	50%	
Interest Charging	40%	20%	
Interest Free Days	10%	30%	
Balance Transfer and Introductory Rate	10%	-	
Minimum Repayment Score	5%	-	
Account Management	20%	10%	
Card Management		15%	
Alerts and Notifications		15%	
Statements and Transaction History		20%	
Additional and Replacement Cards		25%	
Miscellaneous Fees and Charges		25%	
Rewards Program	-	35%	
Earning Policies	-	40%	
Rewards redemption	-	30%	
Account Status Information	-	30%	
Premium Card Facilities	5%	20%	
Insurance	90%	45%	
Airline Lounge	-	35%	
Services	10%	20%	
Customer Service and Support		15%	
Contact		50%	
Branches		25%	
Security and Fraud Detection		25%	
Account Closure		10%	
Closure	100%	70%	
Impact on Rewards Points	-	30%	

What are the Canstar Outstanding Value - Business Credit Cards Awards?

Canstar's Outstanding Value - Business Credit Cards awards recognise the providers that provide outstanding value to consumers through their suite of business credit card products available to Australian consumers.

These awards leverage a sophisticated Credit Cards Star Ratings methodology, unique to Canstar, to identify the providers who have best served a range of credit card customers over the preceding 6-month observation period.

There are 3 individual awards that make up the Outstanding Value - Business Credit Cards awards:

- **Low Rate:** awarded to Outstanding Value providers for the low rate profile
- **Frequent Flyer Credit Cards:** awarded to Outstanding Value providers across all Frequent Flyer Star Ratings profiles
- **Rewards Credit Cards:** awarded to Outstanding Value providers across all Rewards Star Ratings profiles

Eligibility requirements:

To be eligible for the Outstanding Value - Business Credit Cards awards, providers must have had business credit card products available for six months and information required to complete the review made available to Canstar.

Which products are used in this calculating the awards:

All Star Rating eligible business credit card products that have been in the market for a period of six months are eligible for consideration in the Outstanding Value - Business Credit Cards awards. Each provider will be represented by the product that has been the best performing against its peers for each profile that forms part of the award assessment.

Which profiles are considered in Canstar's Outstanding Value - Credit Cards awards?

Consumer profiles and their allocated weightings in the Awards are as follows:

Award	Applicable Profile	Weight
Outstanding Value - Low Rate Business Credit Cards	Low Rate Credit Card	100%
Outstanding Value - Frequent Flyer Business Credit Cards	Frequent Flyer Card \$36,000 annual spend	40%
	Frequent Flyer Card \$60,000 annual spend	45%
	Frequent Flyer Card \$120,000 annual spend	15%
Outstanding Value - Rewards Business Credit Cards	Reward Card \$36,000 annual spend	40%
	Reward Card \$60,000 annual spend	45%
	Reward Card \$120,000 annual spend	15%

How often are products reviewed for Star Ratings and Award purposes?

Ratings and awards are recalculated annually 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, magazine, television, websites, etc.).

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 process 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.

Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth 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
- Deposit accounts
- Health insurance
- Landlord insurance
- Margin lending
- Travel insurance
- Car insurance
- Agribusiness
- Home & contents
- Life insurance
- Online banking
- Personal loans
- Superannuation
- Travel money cards
- Credit cards
- First home buyer
- Home loans
- Managed investments
- Online share trading
- Pet insurance
- Term deposits



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