

# Introducing an entirely new way of banking

Press Briefing

20 March 2007



Shona Bishop, General Manager, Marketing

# Welcome to TotalMoney

A New Zealand first

# TotalMoney

is

a revolutionary advance in personal and family banking that allows customers to earn more money on their savings and save money on their home loan.

# With TotalMoney

## The sum is greater than the parts

By pooling their savings together in a TotalMoney group, customers can earn higher interest on savings and offset their savings to pay less interest on their home loan.

# TotalMoney - A revolutionary concept for New Zealand

- Evolves the concept of banking in New Zealand from individual to collective.
- Allows families or groups to help each other achieve lifetime goals, including home ownership, increased savings, and retirement security.
- Offers pooling, offsetting, unique fee structure, and customer control - an absolute first for New Zealand.
- Blends aspects that have been successfully introduced in the UK and Europe, but with ideas like grouping that are totally unique.

# The time is right to introduce this

- A need for greater household savings
  - NZ's rate is the lowest in the OECD
  - Marked declines over the last 20 years
- The fall in home ownership numbers
  - Numbers declining every year
  - Greater obstacles for first-time owners
- Changing nature of family structures
  - Definition of family make-up has transformed
  - Economic reasons holding families together longer
- Evolving immigration patterns
  - Larger, connected family groups
  - Intergenerational financial assistance expected

# The time is right to introduce this

- The educated consumer
  - Expectation for clarity and simplicity
  - Consumers increasingly make Bank choice based on clear understanding of fees
- Steady migration to on-line
  - Over 41% of all New Zealanders have now used online banking
  - For under-40s, it's between 50-60%
  - Fast, easy, now...watchwords of the current generation
- An increasing shift to consumer power
  - Customer control is a must-have
  - Need for more flexibility
  - Access and mobility are key

# TotalMoney addresses these issues

- A need for greater household savings

TotalMoney encourages savings at higher interest

- The fall in home ownership numbers

TotalMoney helps people pay off their mortgage faster

- Changing nature of family structures

Available to married, civil union, or de facto



# TotalMoney addresses these issues

- Evolving immigration patterns

An offering designed around family cohesiveness

- The educated consumer: make it simple, and easy to understand

10 accounts for \$10. Plus free unlimited transactions

- Steady migration to on-line

A fully internet-based offering

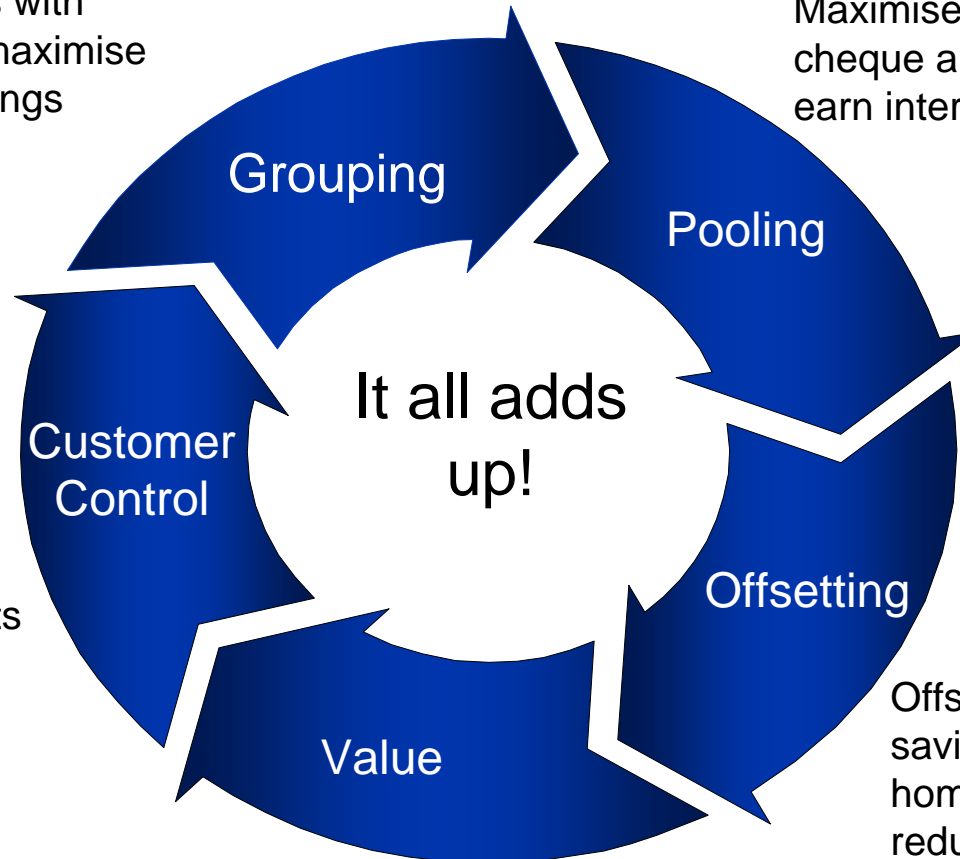
- An increasing environment of consumer power

Customer control re-defined

# TotalMoney: a suite of features

Group accounts with partner / family to maximise earnings / savings

Maximise interest, grouping all cheque and savings accounts to earn interest on the total balance.

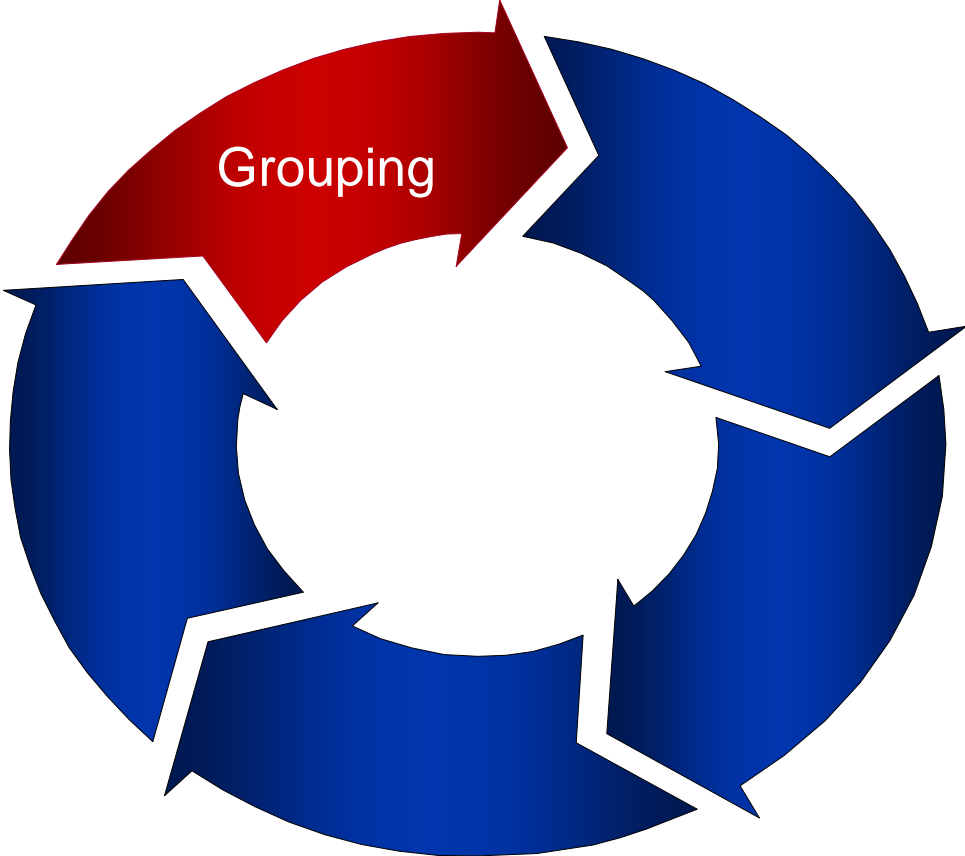


- Online tools & calculators
- Set up new accounts at home
- Name your own accounts
- Online statements
- NetGuard security (2<sup>nd</sup> factor authentication)

- 10 accounts for \$10
- Unlimited free transactions
- Free & unlimited Alerts

Offset interest from pooled savings against variable home loan (effectively reduces loan size)

# TotalMoney: Grouping



# TotalMoney Groups can be...

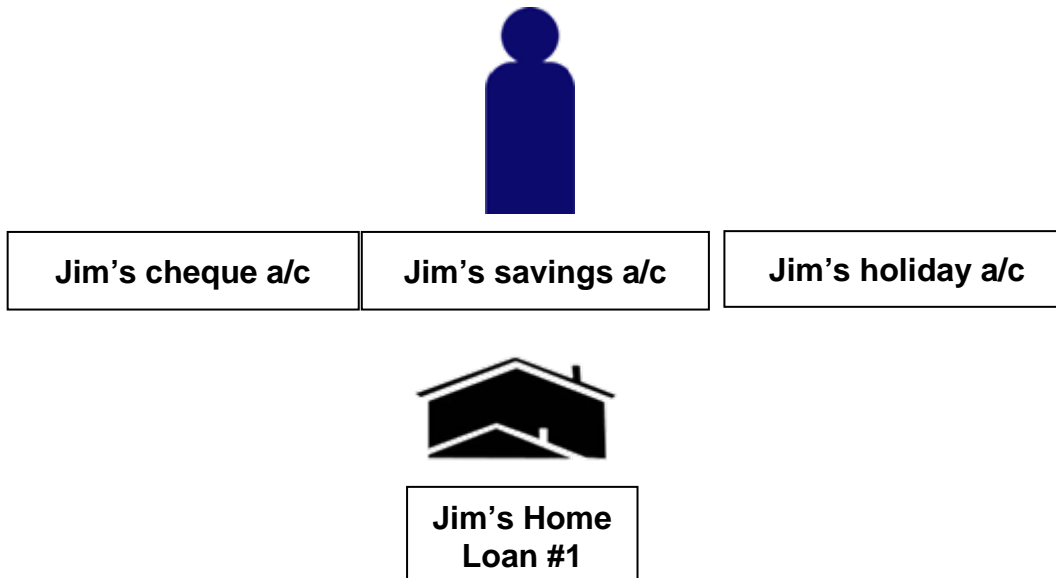
1. **Individuals**
2. **Couples** (married, civil union or de facto)
3. **Parents and Children**
4. **Trusts and some companies** (non personal entities can form their own **TotalMoney** Group)

NB:

- Only two generations of a family can form a **TotalMoney** Group
- All accounts in a **TotalMoney** Group must be **TotalMoney** accounts  
Any non **TotalMoney** accounts are outside the **TotalMoney** Group
- **TotalMoney** is not available to business customers. [The Inland Revenue Department's product ruling states that business customers can use **TotalMoney** for their personal use but cannot utilise their business funds.]

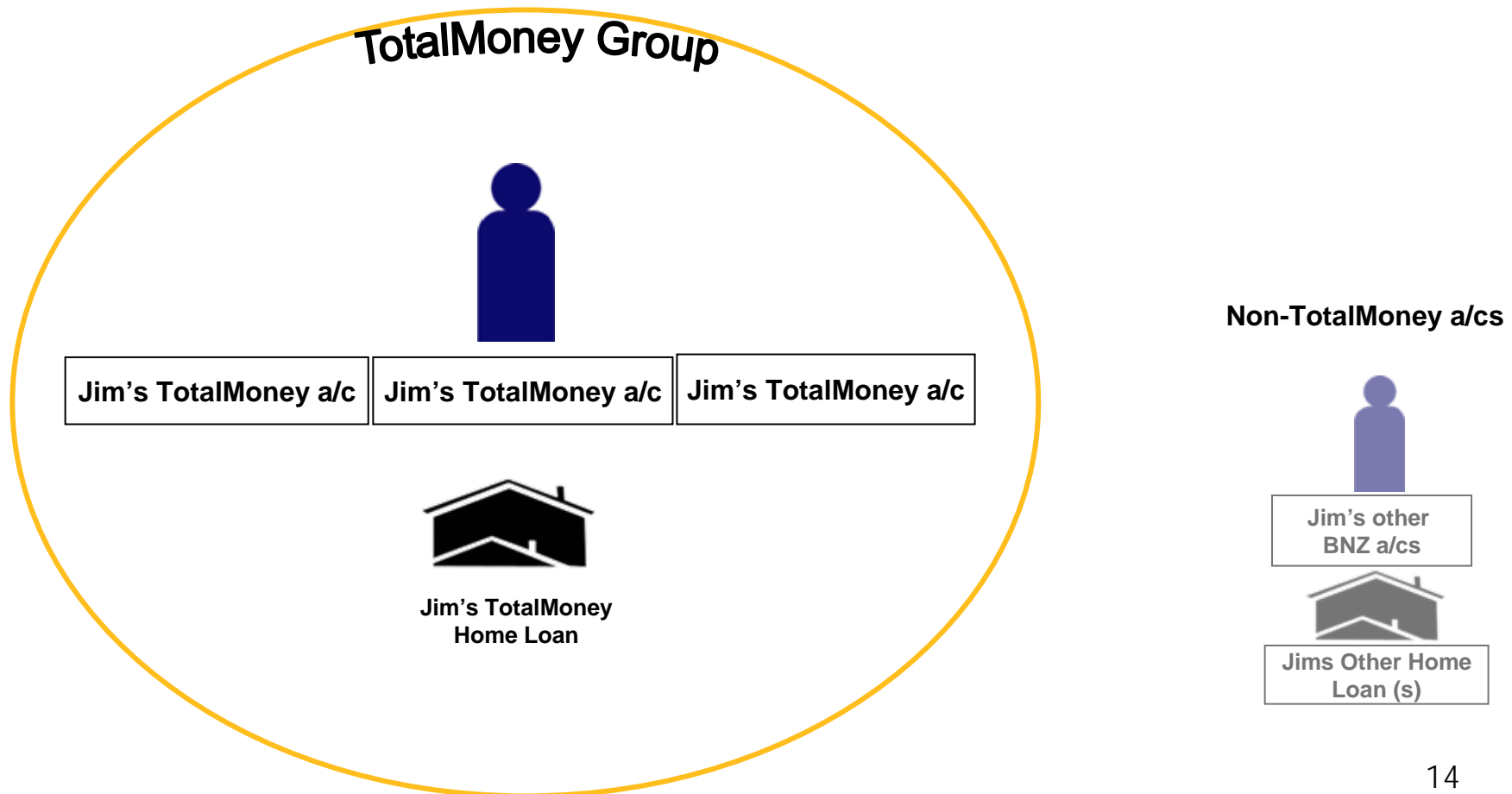
# Individuals can form their own TotalMoney Group

- Jim can have up to ten accounts for \$10
- Jim can pool his **TotalMoney** accounts or offset them against his **TotalMoney** home loan
- Non-TotalMoney accounts and loans are outside the **TotalMoney** group
- Jim can change existing accounts to **TotalMoney** at no charge



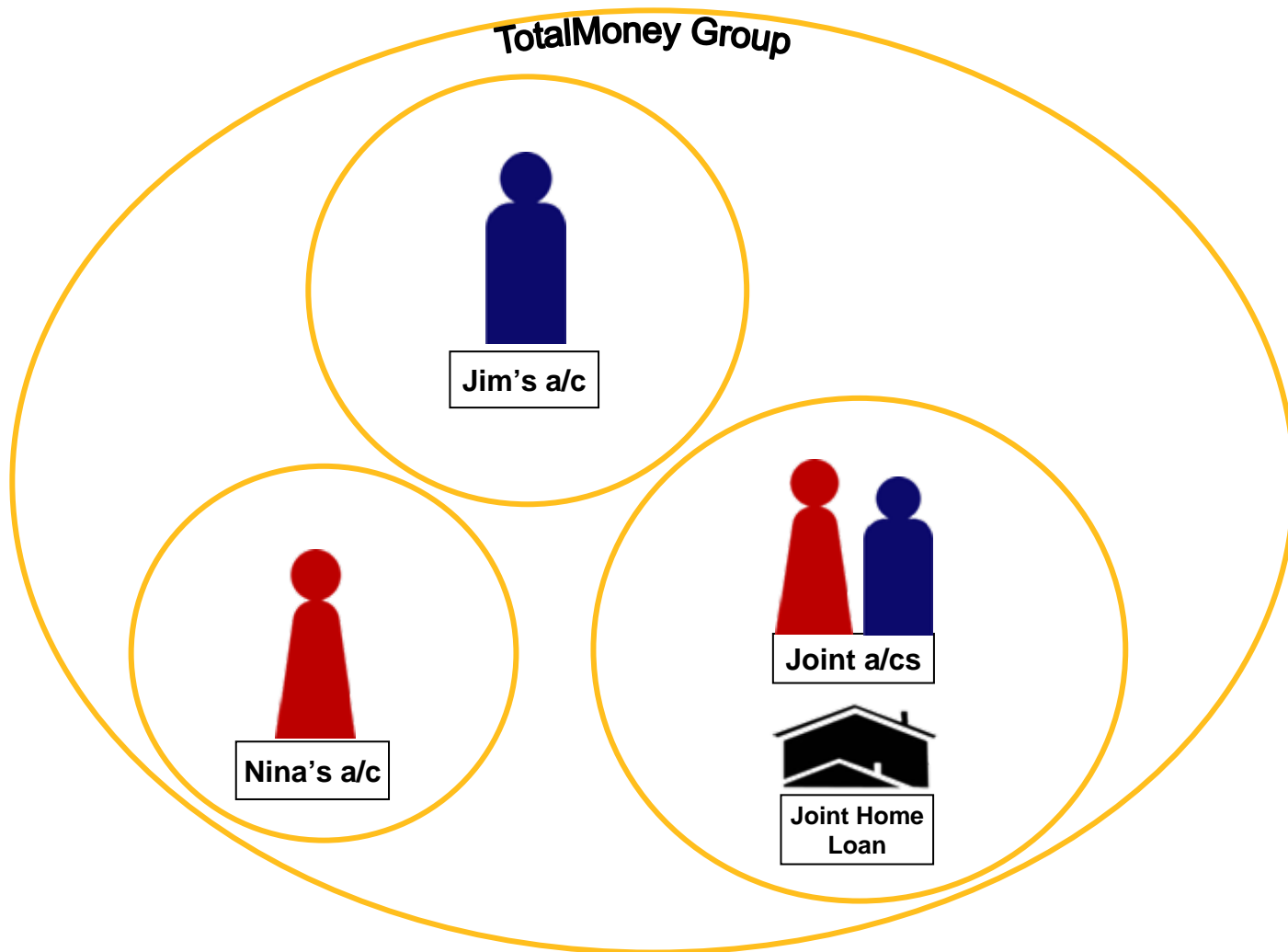
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# A couple can be in a TotalMoney group

- Either individual and joint accounts in the group or just the joint accounts – up to ten accounts.

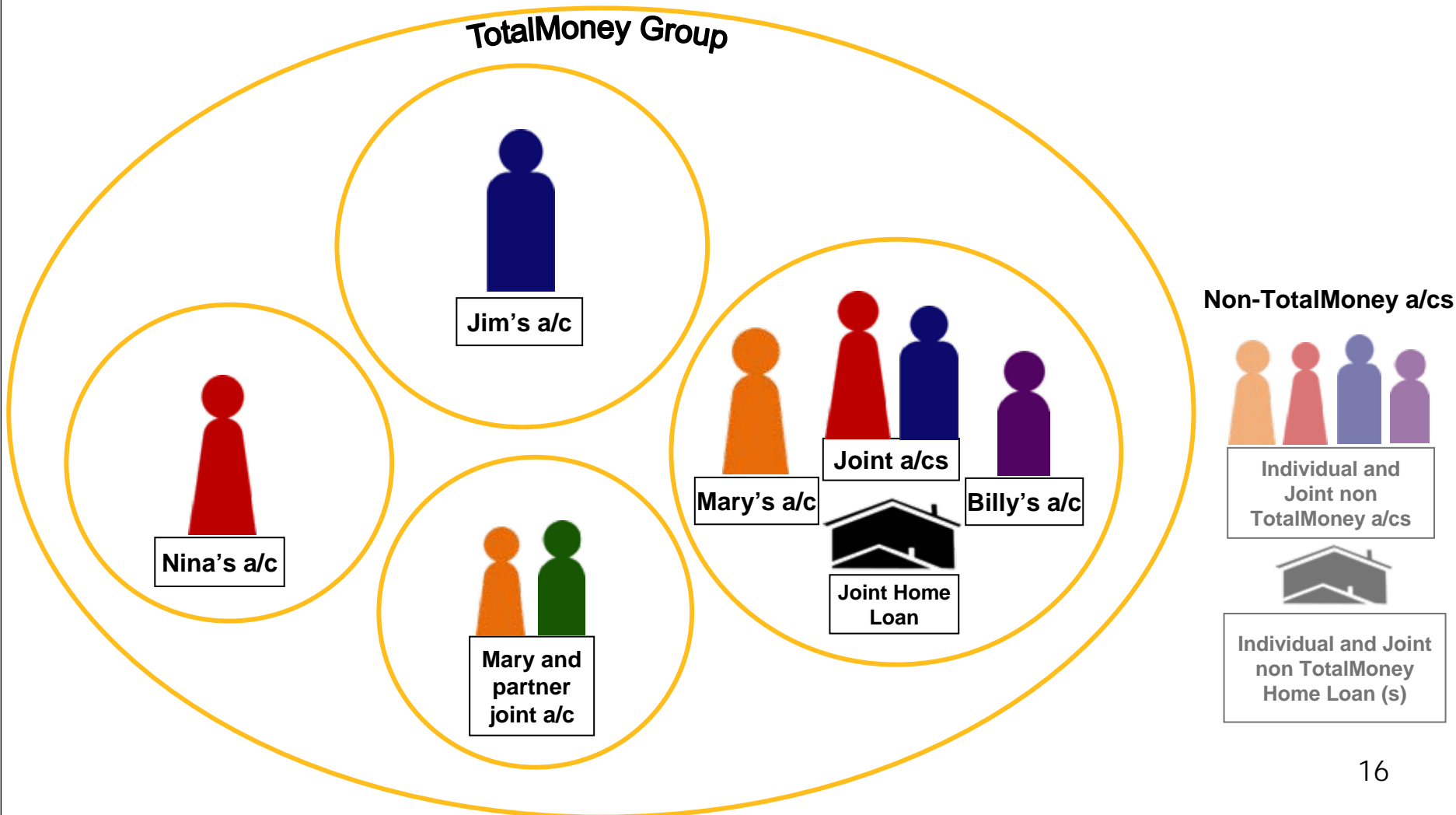


## Non-TotalMoney a/cs



# An individual or couple and their children can be in a TotalMoney Group

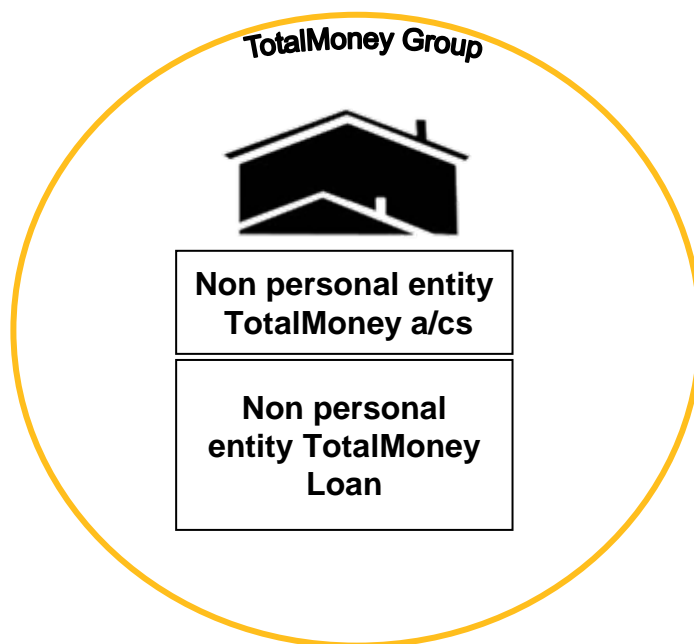
- Married, civil union, or de facto relationship and their children or their parents can be in a **TotalMoney** group, with up to ten accounts.





## A non personal entity (e.g. a Trust or some companies) can be in its own **TotalMoney** group

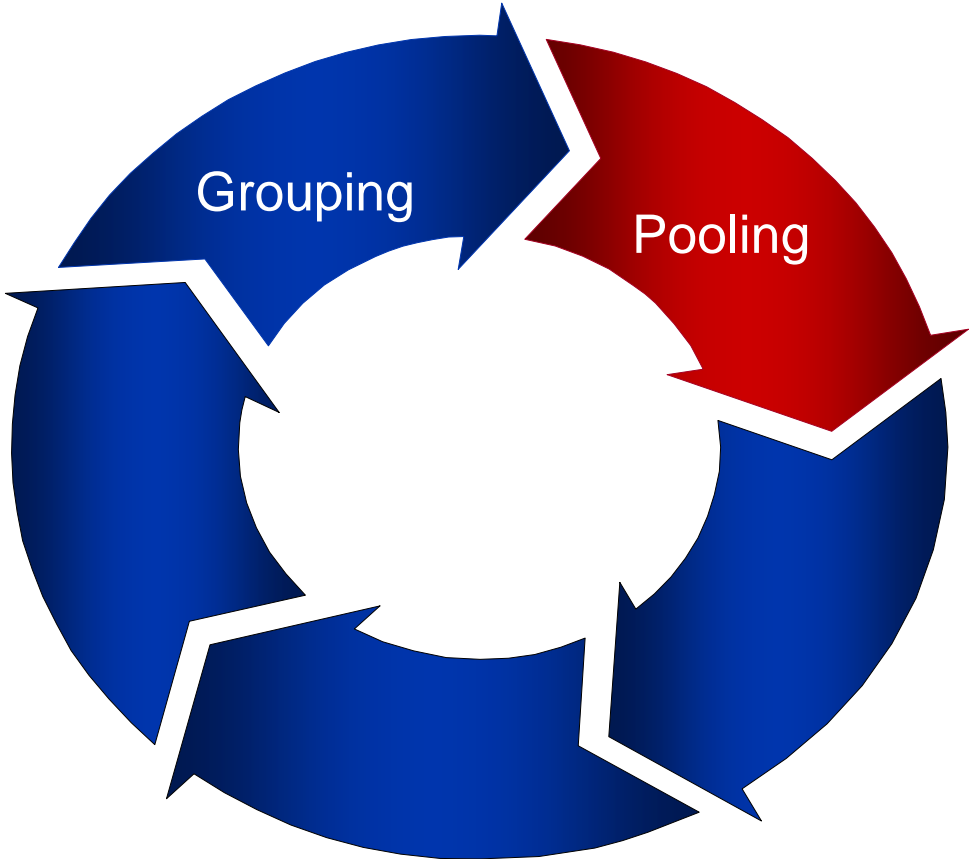
- All accounts in this group must be in the name of the non personal entity.
- Non-TotalMoney accounts and loans are outside the **TotalMoney** group.
- Non personal entities can only use **TotalMoney** for non business purposes.



**Non-TotalMoney a/cs**

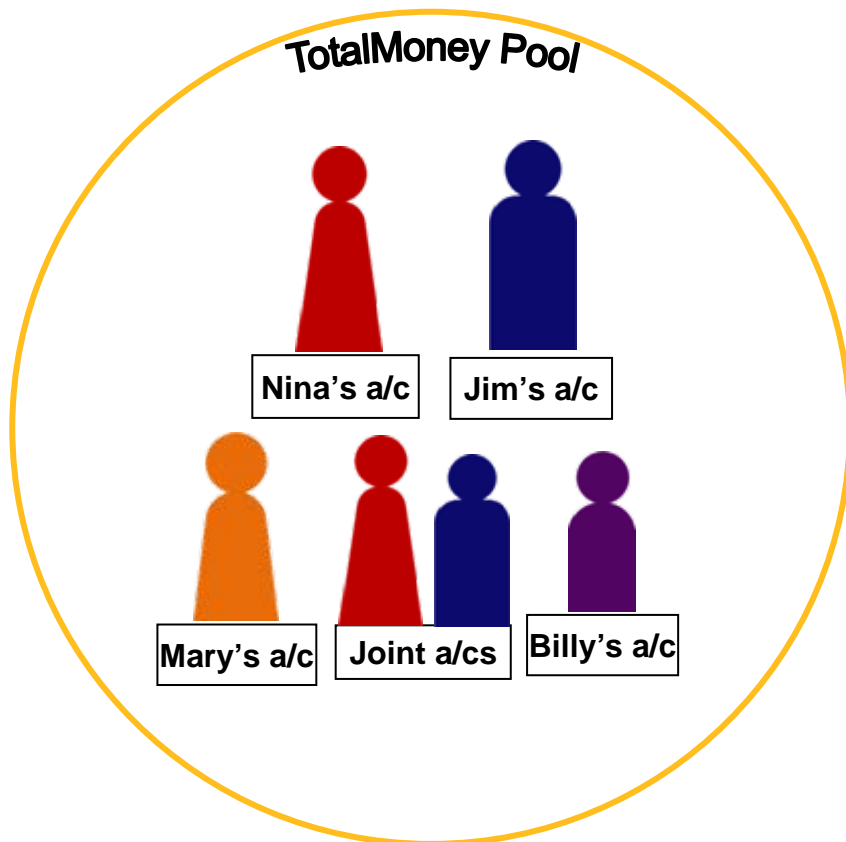


# TotalMoney: Pooling

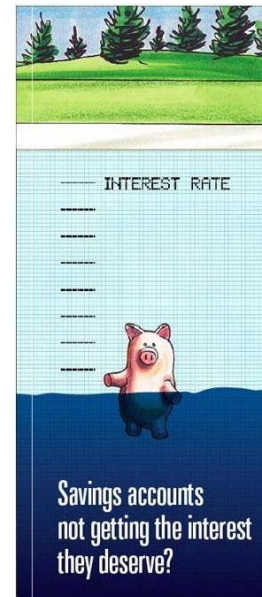


# Pooling: grouping accounts to earn maximum interest on the total

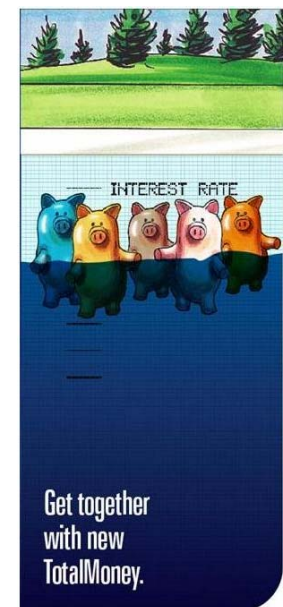
- Individuals, couples, parents, children and some Trusts and companies
- Earn maximum interest on the total, as if it were one combined account attracting a higher interest rate



To go from this...

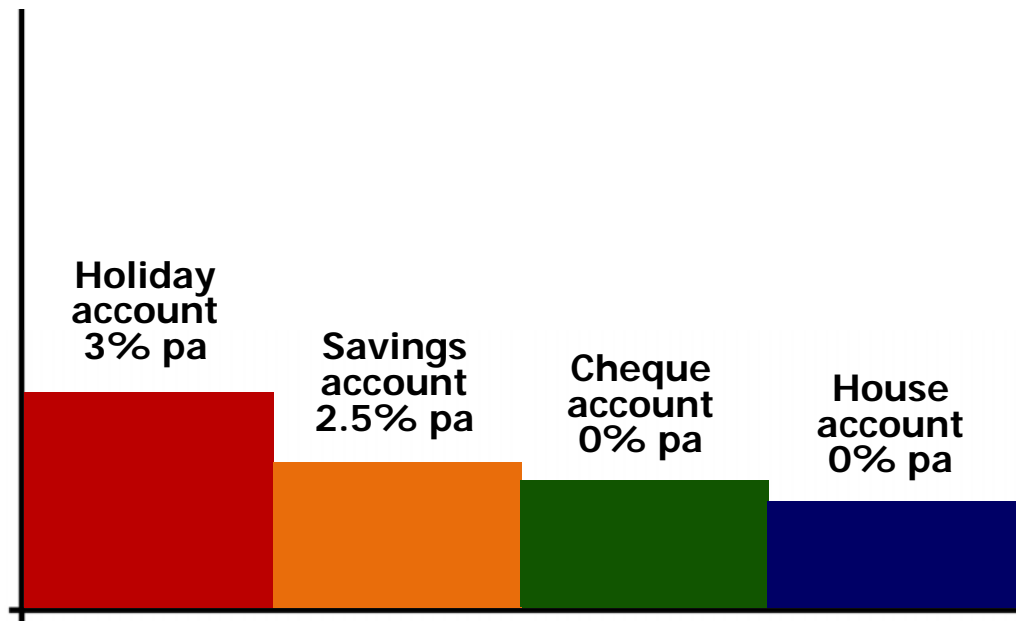


To this...



# Earning interest with TotalMoney

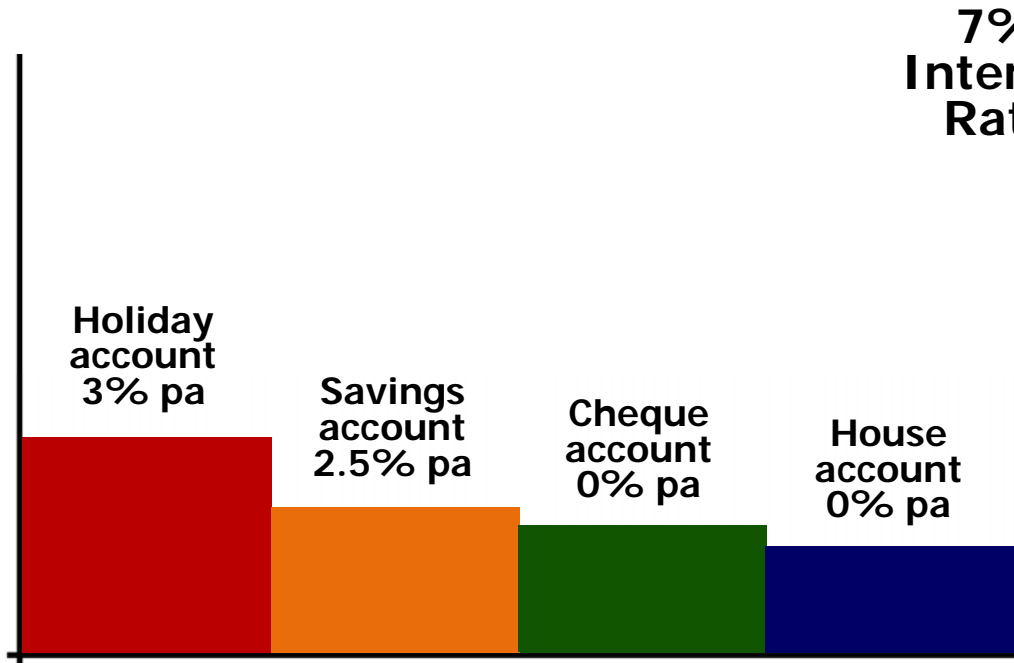
## Separate accounts without TotalMoney



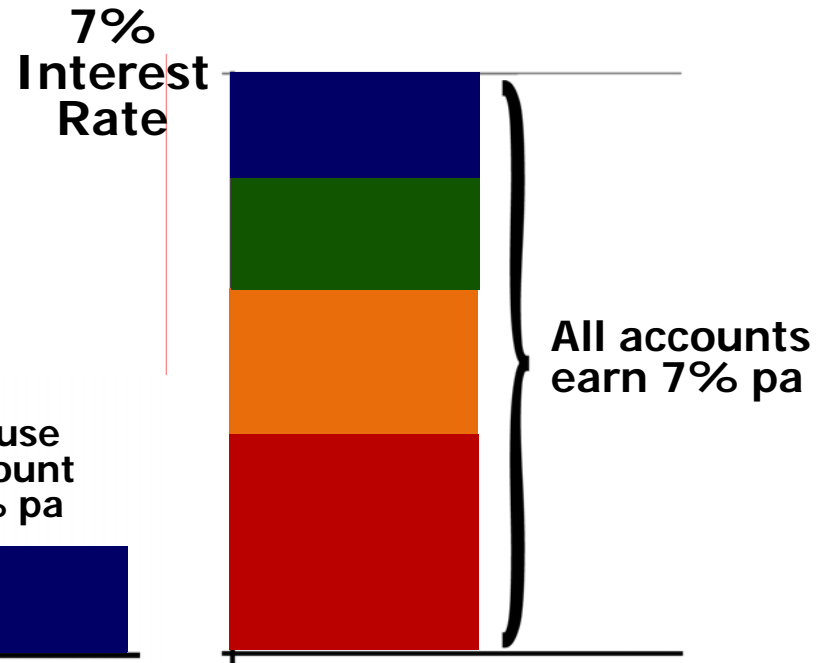
Interest rates are illustrative only

# Earning interest with TotalMoney

Separate accounts without **TotalMoney**

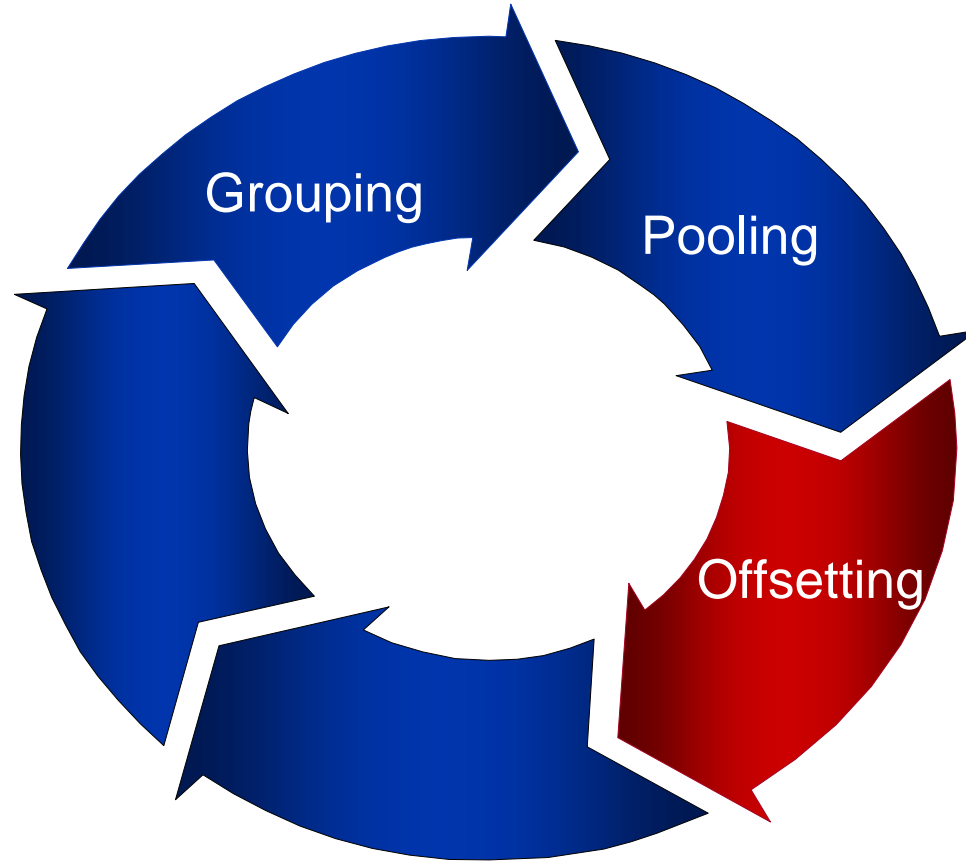


Combined interest with **TotalMoney** – greater than the sum of the parts



Interest rates are illustrative only

# TotalMoney: Offsetting

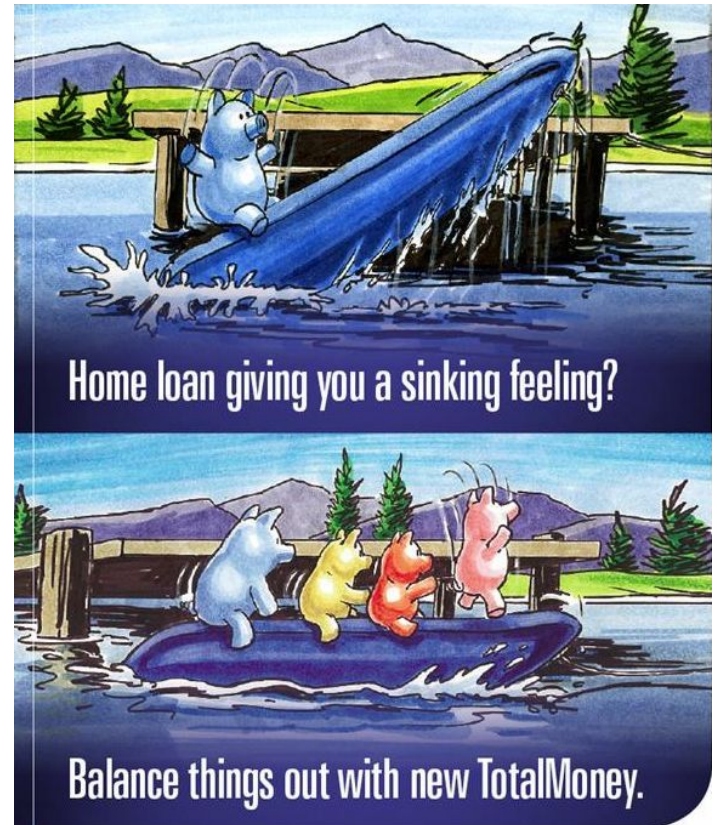


# How Offsetting works

Offsetting lets customers use the total amount gained through the grouping of accounts to offset against their **TotalMoney** variable home loan balance.

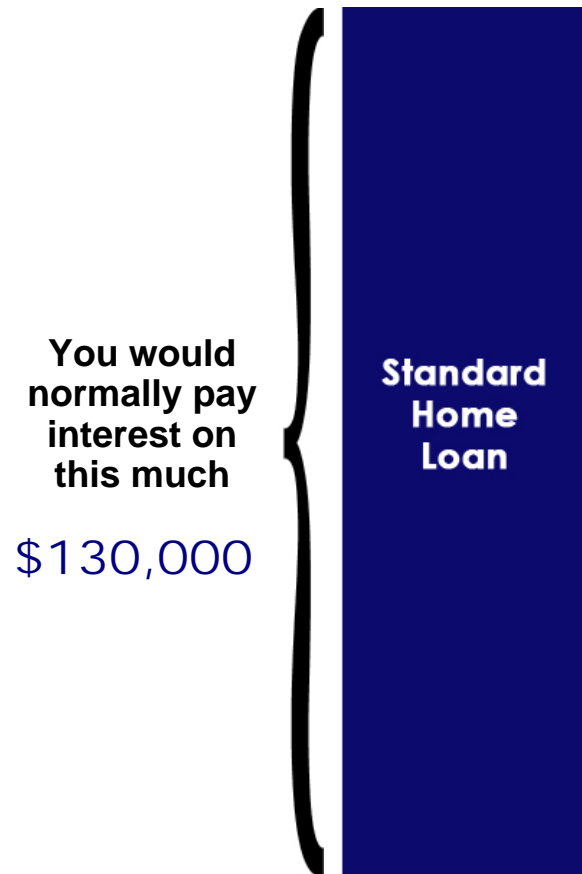
In other words, the total of the group accounts is “subtracted” from the loan, and customers only pay interest on the difference.

So **TotalMoney** can help balance things out...



# The TotalMoney Home Loan

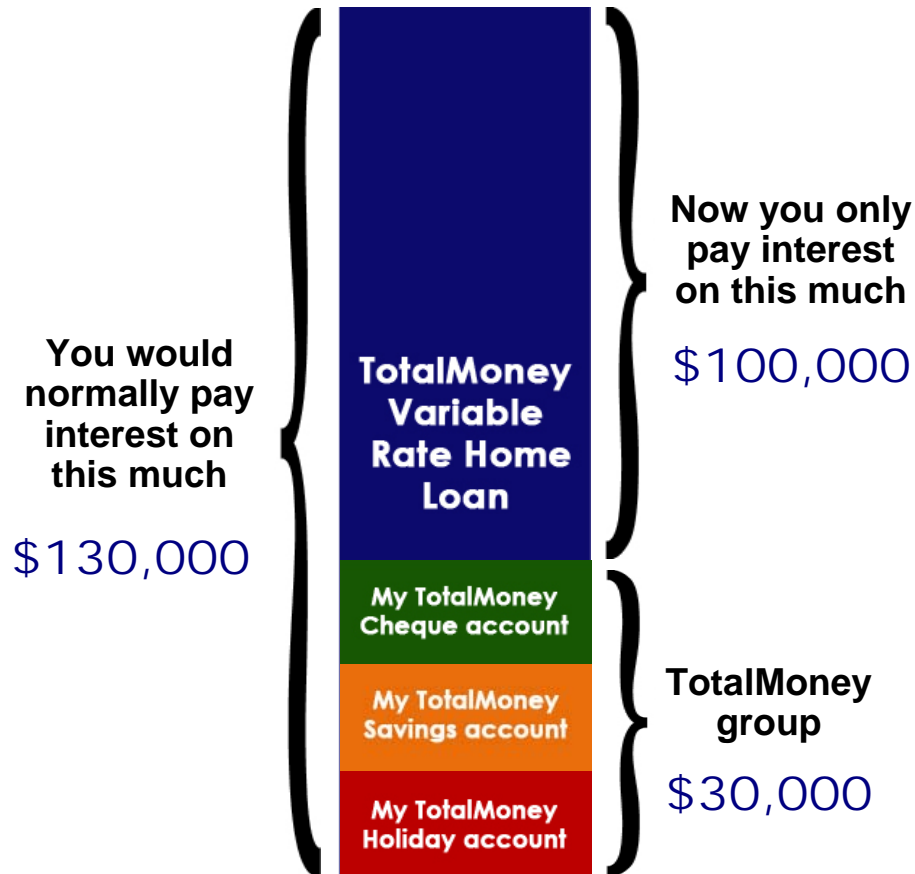
A standard home loan  
looks like this...





# The TotalMoney Home Loan

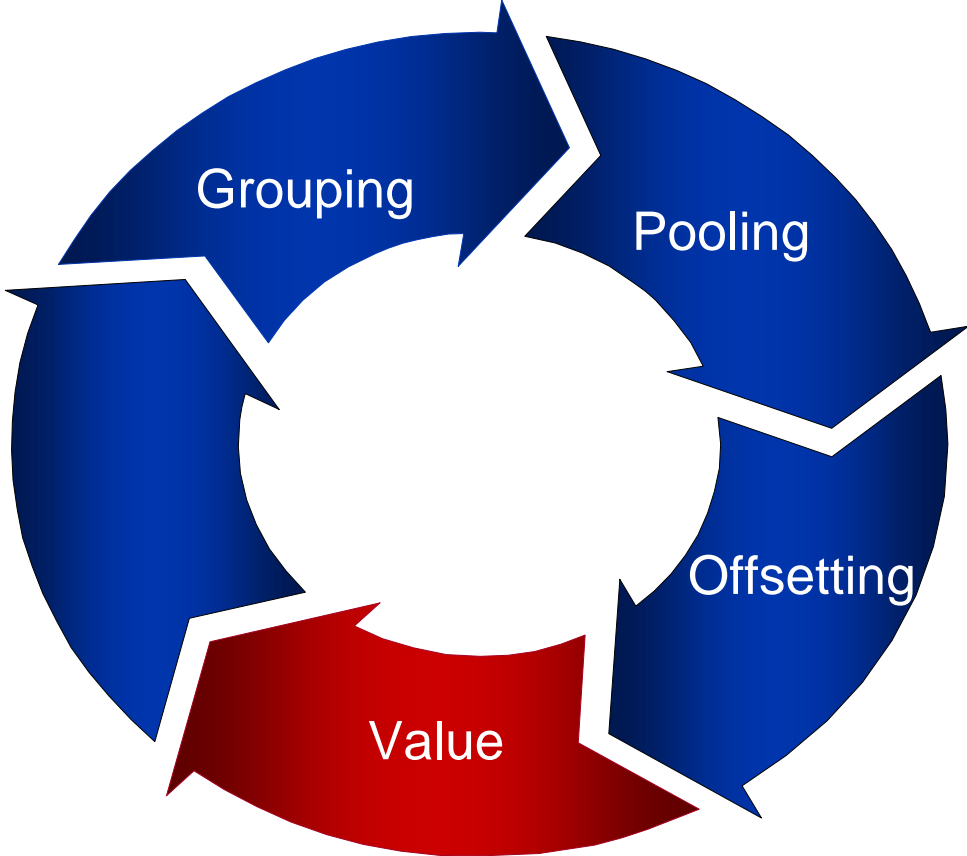
A **TotalMoney** home loan looks like this...



It all adds up!



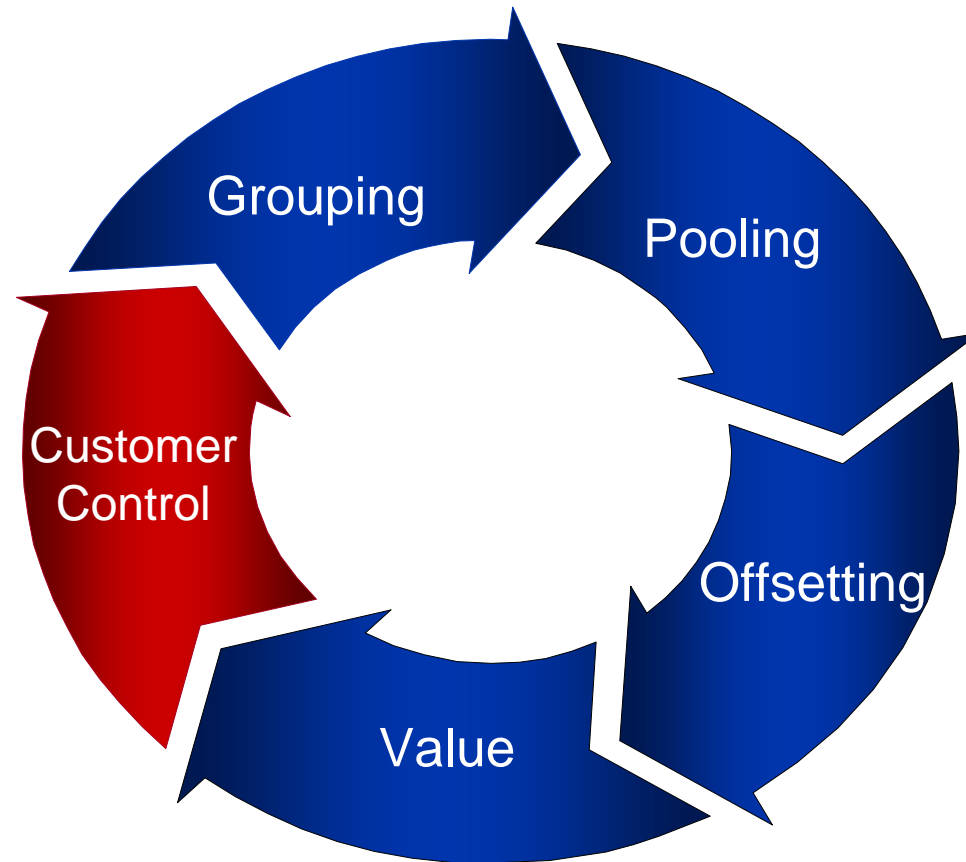
# TotalMoney: Value



## TotalMoney: Value

- Up to 10 accounts for \$10
- Unlimited free transactions: no charges for EFTPOS, no charges for using our ATMs
- Free and unlimited Alerts – e-mail and text
- No charge to set up accounts or payments

# TotalMoney: Customer Control



# Customer Control: A set of features that create consumer power

- Online-based offering - sign-up is simple, bringing accounts over is easy
- Tools and calculators that are dedicated to **TotalMoney**
- Set up new accounts from home and give them nicknames
- NetGuard security (2nd factor authentication): the most secure in NZ
- Online statements – no more paper-based statements

# Customer tools like an offset calculator

Bank of New Zealand - Microsoft Internet Explorer provided by Bank of New Zealand

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Refresh Mail Print

Address [http://203.57.240.151/Total\\_Money/1,1184,35-341,FF.html](http://203.57.240.151/Total_Money/1,1184,35-341,FF.html) Links >>

**Bank of New Zealand**

PERSONAL TOTALMONEY BUSINESS AGRIBUSINESS ABOUT US BANKING ONLINE

INTERNET BANKING

**PERSONAL LOGIN** →

**BUSINESS LOGIN** →

[Find out more or register](#)

TOTALMONEY

- Pooling and Offsetting
- TotalMoney - the details
- Calculate your savings
- Talk to us
- Apply now

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## Calculate

### Your home loan

Term

Your home loan amount \$

Variable home loan \$  at  % p.a.

Fixed home loan \$  at  % p.a.

### Your everyday banking

Cheque account balance \$

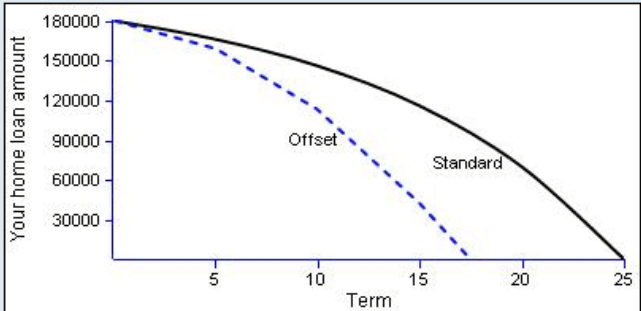
Savings account balance \$

Additional savings (per month) \$

**RE-CALCULATE** →

### How you could save by offsetting your home loan

Interest you could save after 2 years	\$1,260.60
Interest you could save after 17 yrs 6 mths	\$50,755.48
Potential reduction in the term of your home loan	7 yrs 6 mths

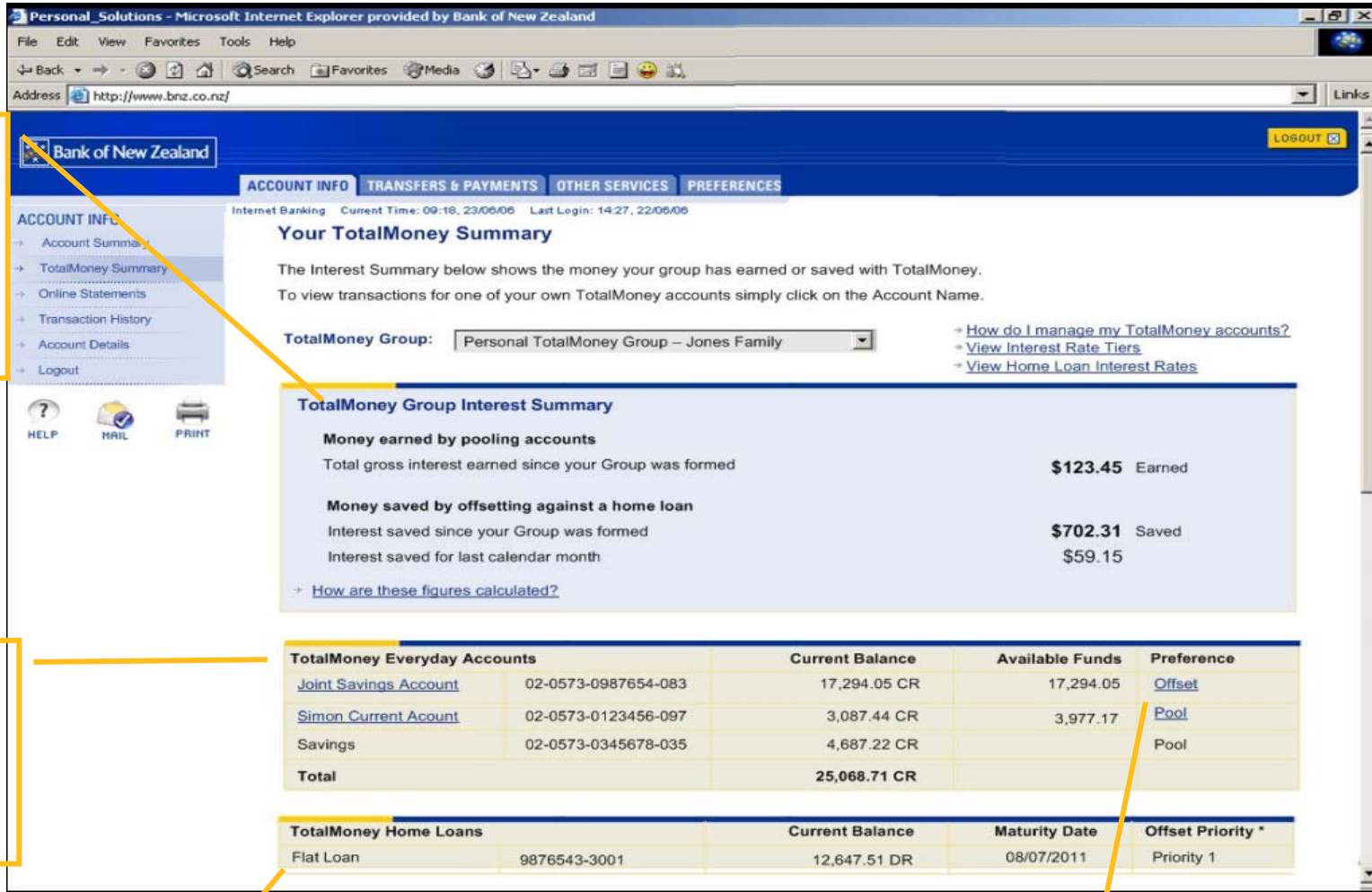


**PRINT** →

Done Local intranet

start New Memo - Lot... 6 Internet Exp... FirefoxPortable 3 Microsoft Of... Adobe Photoshop 100% 6:06 p.m.

# Easy to understand online statements



**Bank of New Zealand** ACCOUNT INFO TRANSFERS & PAYMENTS OTHER SERVICES PREFERENCES

Internet Banking Current Time: 09:18, 23/06/06 Last Login: 14:27, 22/06/06

### Your TotalMoney Summary

The Interest Summary below shows the money your group has earned or saved with TotalMoney. To view transactions for one of your own TotalMoney accounts simply click on the Account Name.

TotalMoney Group:

[How do I manage my TotalMoney accounts?](#)  
[View Interest Rate Tiers](#)  
[View Home Loan Interest Rates](#)

#### TotalMoney Group Interest Summary

**Money earned by pooling accounts**  
 Total gross interest earned since your Group was formed **\$123.45** Earned

**Money saved by offsetting against a home loan**  
 Interest saved since your Group was formed **\$702.31** Saved  
 Interest saved for last calendar month **\$59.15**

[How are these figures calculated?](#)

TotalMoney Everyday Accounts		Current Balance	Available Funds	Preference
<a href="#">Joint Savings Account</a>	02-0573-0987654-083	17,294.05 CR	17,294.05	<a href="#">Offset</a>
<a href="#">Simon Current Account</a>	02-0573-0123456-097	3,087.44 CR	3,977.17	<a href="#">Pool</a>
Savings	02-0573-0345678-035	4,687.22 CR		Pool
<b>Total</b>		<b>25,068.71 CR</b>		

TotalMoney Home Loans		Current Balance	Maturity Date	Offset Priority *
Flat Loan	9876543-3001	12,647.51 DR	08/07/2011	Priority 1

The interest summary shows customers interest earned and interest saved .

Balances for all TotalMoney accounts in the group are displayed.

Customers can view and update Nicknames.

Offsetting and pooling preferences are displayed.


# TotalMoney will appeal to people who want to...

- Help all members of their family earn more interest
- Assist a family member pay off their home loan faster
- Have more control of their money
- Save towards a major life goal (home ownership, retirement)
- Maximise their savings potential
- Have the convenience of managing their money online





## In a review of nationwide loan/deposit ratios:

- 
- 988,000 New Zealanders have deposit amounts and/or family relationships and could benefit from pooling their money
  - 643,000 New Zealanders have deposit amounts and could significantly benefit from offsetting them against their home loan



# TotalMoney in summary

- For the first time ever, a movement in banking from individual to collective
- Can help home owners pay off their home loan faster
- Encourages and rewards household savings
- Delivers fast, easy online banking anytime
- Customer control – you choose who, when, what
- A first for New Zealand – changing the game

# TotalMoney

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Shona Bishop, General Manager, Marketing