

Tony's Take – Economic commentary from BNZ Chief Economist Tony Alexander

The year has got off to a good start in volume terms for retailers, with sales up 1.2% in the March quarter (stripping out cars and fuel) and 4.8% ahead from a year earlier. In fact, sales were 25% ahead of where they were five years back in early-2012. This strong growth is partly due to the NZ population rising about 2.2% in the past year and almost 8% from five years ago.

In other words, contrary to what some pessimistic people might have the public believe, per capita spending is rising in New Zealand. But what matters to retailers is total spending and when we look ahead we see continued firm growth as being likely, even though slowing house price growth first in Auckland and then the rest of the country may cut spending by those probably very few people who like to spend their paper wealth. Net migration inflows look like staying at very high levels. The labour market is very strong and employers are finding it harder and harder to get the staff they want – this includes retailers.

The staffing situation is likely to get worse due to good labour demand in technology, construction, and tourism in particular. But it also seems reasonable to expect some further tightening of work visa access as a result of coalition formation negotiations to follow this September's general election. Problems which retailers are experiencing with low ability to protect margins are expected to continue as online offerings become even more compelling to consumers.

One factor to keep an eye on is interest rate movements. Borrowing costs have risen slightly in the past year as bank funding costs have gone up. From early-2018 we expect the Reserve Bank to start tightening monetary policy and at this stage it seems reasonable to budget for floating rates rising about 2% come the end of 2019.

3D Secure for e-commerce sites

3D Secure is an additional layer of security to make online shopping transactions safer, by authenticating a cardholder's identity at the time of purchase. It's provided by Visa as 'Verified by Visa', and by Mastercard as 'Mastercard SecureCode'.

By enabling 3D Secure on your e-commerce site, you can:

- › block stolen card number fraudulent transactions at the online checkout, before you send any goods or provide services
- › help protect against chargebacks claimed as unauthorised by the cardholder
- › increase customer confidence in the safety of your e-commerce site.

To enable 3D Secure on your e-commerce site you'll need to have:

- › an approved BNZ Merchant Facility
- › an e-commerce site that meets BNZ's minimum requirements
- › a payment option that supports 3D Secure, such as DPS Payment Express or BNZ Securit-e via a Certified Solutions Provider

If you want to enable 3D Secure, contact your payment gateway to get things started. We don't charge anything extra to enable 3D Secure on your site, and there is no additional charge to you for 3D Secure verified transactions.

Any questions?

If you have any questions about your merchant facility, or need some help, please contact our Merchant Sales and Service team on **0800 737 774**, Option 4.