

Retailer News – July 2016 **Keeping Retailers up to date**

MasterCard is introducing a new range of card numbers from 16 October 2016

You may have noticed that the 16 digit number on the MasterCards your customers use always start with a '5'. From 16 October 2016, MasterCard will begin issuing cards with numbers that start with a '2'. This is to make sure there are enough MasterCard numbers available moving forward to support the continued growth in both payments and acceptance, expanding technology and payment capabilities in the market.

We're making changes at our end to ensure that all transactions made from these new cards are processed seamlessly through our systems from October. Please process the new card ranges in the same way you do any other MasterCard.

A reminder to check your systems that use card numbers

If you have any other systems that store, process, validate or use card numbers, you may need to change these to ensure they continue to operate as usual. This may include point-of-sale systems, e-commerce payment portals, customer information databases (with card numbers), and integrated accounting/billing software.

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

It used to be the case that interest rates in New Zealand would move over a very wide range and therefore have a big impact upon changes in retail spending. These days, with inflation settling in at low levels, interest rates appear also to have consolidated at historically low levels from which little movement may occur for many years. For our Reserve Bank wanting to influence bank lending growth, this means having to shift toward tools which control ability of banks to supply credit (loan to value ratios, maybe debt to income rules) rather than the old tool for influencing credit demand – interest rates.

For retailers what this means when predicting sales growth is that greater emphasis needs to be given to the labour market and general confidence levels. Currently in New Zealand consumer confidence is near average, but employment growth is very strong – running near 4% per annum. Given the many factors driving growth in the economy, such as construction, tourism, and non-dairy primary production plus ICT and even manufacturing, strong jobs growth looks set to continue. And with interest rates set to stay low, prospects for retail spending growth look strong this year and next, especially considering the ongoing migration boom.

Any questions?

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