

Retailer News – September 2016 Keeping Retailers up to date

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

Data recently released by Statistics NZ shows in the June quarter retail spending in dollar terms was a strong 6.6% ahead of a year earlier. Hardware type sales were ahead 13%, electrical goods 11%, and furniture etc. 9%, so it is not accurate to claim, as some have, that the result simply reflects a booming tourism sector. Kiwi households are enjoying the benefits of ultra-low borrowing costs, rising house prices, strong jobs growth, with extra households coming from record net inward migration.

Looking ahead, our expectation remains for continued firm growth in the NZ economy, low interest rates, strong population growth, and still further house price rises. These are all factors suggesting the mood of householders when it comes to retail spending will be good. A strong Christmas spending period looms.

Transaction Processing and Late Presentment time frames reduced

To simplify Visa rules and to promote efficiency, Visa will reduce transaction processing time frames (i.e., the time from the transaction date to when it is cleared) and globally align the chargeback timeframes for Reason Code 74. This change is beneficial for two reasons – a) it allows issuers to better manage card holds and b) it reduces unnecessary cardholder complaints to merchants which can waste time.

Currently there are eight transaction types, with different processing timeframes, which may also vary by region or country. And so, to simplify framework and align it globally, Visa is consolidating the transaction types into three categories:

Transaction type	Maximum Processing time frame
Visa Electron and ATM	Within 5 calendar days of the transaction date
Visa Prepaid Load Service	Within 2 calendar days of the Visa Prepaid Load Service date
All Other Transactions	Within 8 calendar days of the transaction date

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

You may have noticed the 16 digit number on MasterCard's that your customers use always start with the number '5'. From 16 October 2016, MasterCard will begin issuing cards with numbers that start with the number '2'. This change will ensure there are enough MasterCard numbers available to support continued growth in both payments and acceptance, and also 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 16 October 2016. Please process these new card ranges in the same way as any other MasterCard.

Reminder – please check your systems using card numbers

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

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.