



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

One of the key reasons for retail sector weakness is high inflation. This works by causing interest rates to rise as the Reserve Bank tries to slow the pace of economic growth (people buying things) to get price rises contained. As interest rates rise consumers tend to cut back on spending, house price rises stall or fall, and unemployment tends to go up. Just recently we learnt that inflation rose from 1.1% to 1.5%. Does this mean growth-sapping interest rate rises lie just ahead? No.

Every single forecast of a sustained large jump in interest rates to fight inflation has been wrong since 2009. Inflation has proved stubbornly low and yet there is no sign that this strange post-Global Financial Crisis paradigm is about to change – even though hikes in some wage rates will add pricing pressure.

The chances are not high that NZ interest rates will rise much in the next two years. That means retailers need to maintain most of their focus on more immediate issues of best products and selling methods rather than slashing inventories in anticipation of a buyer's strike.

Any questions?

If you have any questions about your merchant facility or need some help please contact our Merchant Helpdesk on **0800 737 774**, option **4**.

Reminder: Manual offline Eftpos vouchers can no longer be used

In June, we communicated that manual offline Eftpos vouchers are being removed from the market due to the availability of Electronic Offline Vouchers (EOV) on Eftpos terminals. This is a reminder that you can no longer use manual offline vouchers to accept Eftpos cards, and any manual offline vouchers processed from this month onwards will be dishonoured.

Sales vouchers processed via zip-zap machines for credit cards, and Visa and Mastercard debit cards are not affected by this change and will still be processed as normal for the time being. For more information regarding EOV, please contact your terminal provider.

New requirements for merchants who enable Credential on File transactions

If your business enables the storage of card details to process future transactions, e.g. a recurring or instalment payment, there are new requirements to be aware of. You must:

- Disclose to the Cardholder that their card details will be stored and get Cardholder Consent before storing the card details.
- Display on the payment screen and all screens that show Account Information:
 - The last 4 digits of the Account Number or Token, and
 - The Visa and Mastercard Brand Mark or the name 'Visa' and 'Mastercard' in text next to a payment option, and
 - Comply with Payment Card Industry Data Security Standards (PCI DSS) at all time.

Please talk to your payment gateway to ensure your business complies with these requirements.