

## Retailer News – September 2015 Keeping Retailers up to date

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

Retailers outside the main cities will be wondering what impact the collapse in dairy incomes will have on retail spending. The answer is clearly negative, and more so than just a fortnight ago before dairy prices plunged for the tenth auction in a row. There will be some mitigation from lower interest rates resulting from the dairy weakness, higher incomes for non-dairy exporters due to the extra mild weakness in the NZ dollar, improving housing markets as investors seek better yields outside of Auckland - looking to buy especially before the wave of cashed up retirees head out of our big city - booming tourism and strong net immigration, with 39% of the net flow going outside Auckland. But all that these factors can do is slightly offset what will clearly be a downturn in retail sales in regions dependent upon dairy and the dairy support sector. In Christchurch falling house building and possibly falling house prices will bring restraint in retail growth. In Auckland firm economic activity will provide strong retail support, and improvement in Wellington is likely as the spill over from Auckland's housing sector growth hits the city.

### **SSL no longer secure for e-commerce merchants**

For twenty years Secure Socket Layer (SSL) and Transport Layer Security (TLS) protocols have been used by e-commerce merchants to enable trusted and secure online transactions for their customers. However, in 2014 there were a significant number of merchant data breaches globally and the Payment Card Industry Security Standards Council (PCI SSC) and the Card Schemes (Visa/ MasterCard etc.) determined that SSL and early TLS versions were no longer suitable for secure online transactions. The card schemes have now mandated specific rules around the use of SSL and TLS. The key messages for businesses selling products online are:

- › Secure Socket layer (SSL) can no longer be relied on to protect payments data
- › If you own an e-commerce website you need to ensure Transport Layer Security (TLS) is running at a minimum version 1.1, but ideally version 1.2.

This not only protects your customer's confidential data, but also ensures the reliability and trustworthiness of your website for your customers. If you have any questions about your website's security measures email us at [pcidss@bnz.co.nz](mailto:pcidss@bnz.co.nz)

### **Amended Rules for Visa Preauthorised Transaction Decline Response**

Visa has released a mandate which prohibits merchants from resubmitting a pre-authorized transaction after a specified number of attempts. Please be aware that effective immediately, merchants that receive a decline response for a pre-authorized transaction will only be allowed to resubmit it for authorisation up to four times within 16 calendar days from the date of the original decline response, if the response code is one of the following:

- 05 – Authorisation Declined
- 51 – Insufficient Funds
- 61 – Exceeds Approval Amount Limit
- 65 – Exceeds Withdrawal Frequency Limit.

For recurring transaction merchants, this also extends to a pickup response, or 14 - Invalid card number. Visa can fine card issuers if merchants breach this requirement and any penalties could be passed onto the merchant, in accordance with the Merchant Agreement.

### **Any questions?**

If you have any queries regarding any of the above articles, or your Merchant Facility in general please contact our EFTPOS & Internet Merchant Sales and Services team on **0800 737 774, Option 4.**