

Retailer News – November 2015 Keeping Retailers up to date

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

Courtesy of wide-spread discussion of the substantial fall in dairy prices, worries about China, and evidence of slowing growth perhaps in wages and employment, consumer confidence measures are currently at below average levels. On the face of it, one might think this would immediately translate through into weaker retail spending. The reality however around the world is that the short-term link between sentiment and spending changes is very, very patchy. To the extent such a link exists in New Zealand – and we believe it does – then weakness in retail spending might already have passed its worst point.

Our only reasonable gauge of short-term spending levels comes from data showing debit card and credit card transactions. At the end of 2014 the annualised pace of growth in core retail spending using cards was a well above average 7.5%. This fell to only 1.1% in the June quarter. But over the three months to September spending has recovered strongly to be up 8.2% at an annual pace.

We don't expect spending growth to continue at this level, and of course conditions will vary substantially from one part of the country to another. But with ongoing support from low interest rates, good employment demand, strong population growth and rising house prices almost everywhere, prospects for retail spending in the coming year look reasonable – though we still suggest caution heading into Christmas.

Protect your business – Refund Fraud

We have previously reported on fraudsters targeting our Merchants and getting them to refund to bank accounts, or transferring money via money transfer agents such as Western Union. It is important that all merchants are aware of cardholders requesting you to transfer funds to an account they have supplied you with, or requesting you to transfer money via a third party agent like Western Union.

All charges to a credit card should be for your goods or services only, and any refunds must be paid back to the credit card number used for the original purchase. Refunding to bank accounts or alternative credit cards can result in a loss to your business, as the transaction could be charged back if found to be fraudulent, and you will have already supplied the goods or services.

Please remember an authorisation does not guarantee payment, it is only confirming the card is valid, the card was not reported lost or stolen at the time of the transaction and that the card has sufficient funds to cover the transaction. It does not guarantee that the person using the card is the genuine cardholder.

You can view a BNZ fact sheet on avoiding card fraud at http://bit.ly/BNZ_Fraud, including details such as Warning Signs, Minimising Risk, Liability and much more. Please share this fact sheet with your frontline staff. It is important that they familiarise themselves with this information, so they can assist in stopping your business becoming the target of fraud. The more informed you and your staff are, the greater the chance you have of avoiding fraud.

For up to date information on card fraud you can also visit the following websites:

www.scambusters.com

www.consumeraffairs.govt.nz

Appropriate preventive action can help reduce fraudulent transactions and potential customer disputes. Make use of these tools and controls to verify the legitimacy of the cardholder and the card in every card-not-present transaction.

Any questions?

If you have any questions or need some help please contact our EFTPOS & Internet Merchant Sales and Services team on **0800 737 774**, Option 4.