

## June 2012

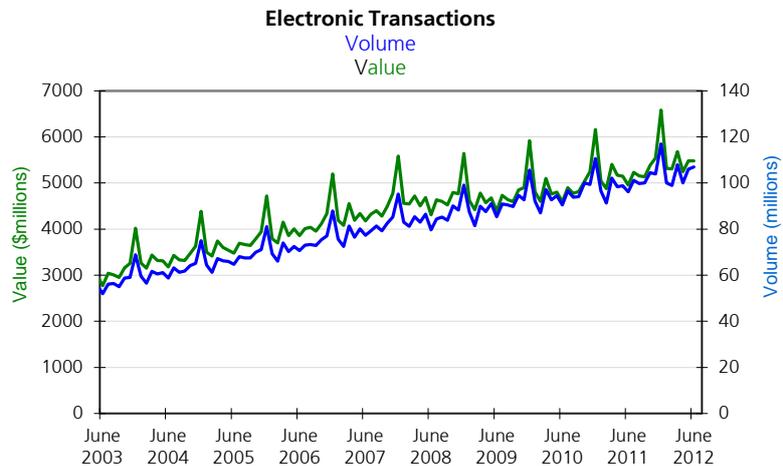
A simple monthly analysis of electronic transactions

### Executive Summary

We've used previous MasterCard Papers for the month of June to highlight industry trends, or to talk about something other than a detailed analysis of the numbers. That's because June represents a month where – in the absence of a particular statistical spike off the back of a specific event (preparation for a Rugby World Cup for example) – there's not really very much going on. So, this month, with that very much at the fore of our mind, let's do something outrageous and take a look at some numbers.

### Card Spend

The Statistics New Zealand monthly release of Electronic Card Transactions data showed that spend on all cards (including Debit, Credit and Charge) in New Zealand grew marginally on a monthly, non-



seasonally adjusted basis – up just \$1 million dollars to \$5.48 billion (chart above, green line). That's a monthly increase of \$0.02% which can only be described statistically as a flat month.

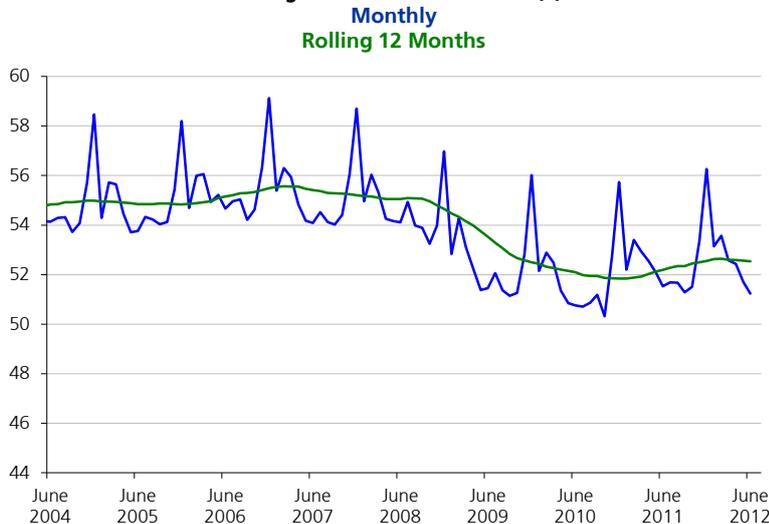
But, when we compare that against June 2011 it's actually

up 10.64% which is the biggest like-for-like monthly increase since February 2008. There are a whole range of things that could help explain this increase, and we'll get to these when we look more closely at the breakdown of the Sectoral Spending numbers.

Looking at the number of transactions in a similar way, we saw a monthly increase of less than 1% up 1 million to 107 million for the month of June (above chart, blue line). But, again, roll that across to a comparison against June 2011 and there's an 11.34% increase – the biggest since February 2008.

We can already work out a few things from these figures. Firstly, that the fact transaction numbers grew proportionally faster than values shows the biggest chunk of growth was in transactions with a value below

### Average Ticket Size - All Cards (\$)

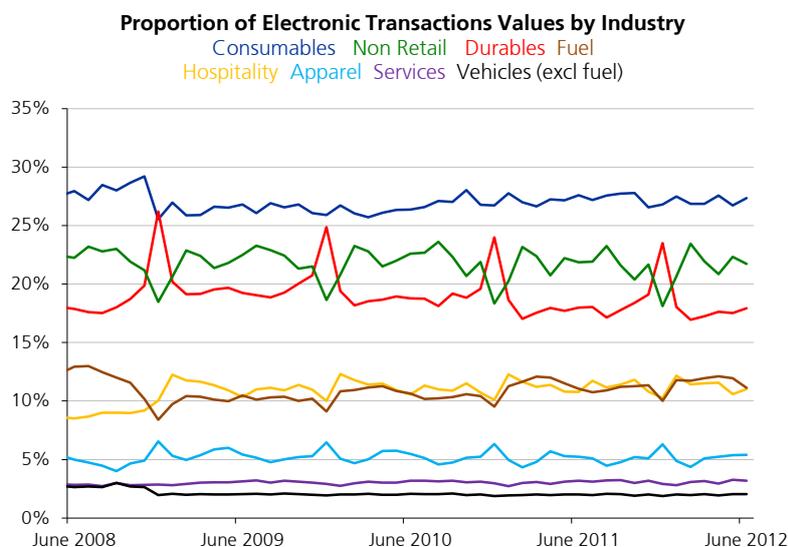


the average value of transactions in New Zealand (the industry refers to this as the “Average Ticket Value”). In June 2012 that was \$51.24 (blue line, chart at the bottom of the previous page) and \$52.54 when you average it out over the last 12 months (green line, same chart).

In itself that’s a pretty neat story. Kiwis are right at the leading edge when it comes to moving with the times and adopting technology, and the fact average spend for a card transaction is that low underlines that we are consciously choosing the convenience of cards over cash. What the chart on the previous page shows is that trend continues apace – we are now using cards for much smaller transactions. That puts us well ahead of many markets and well ahead of our Trans-Tasman neighbours where the average ticket across all cards is much higher.

### Sectoral Spend Detail

The value spent on Fuel in June fell over 11% (unadjusted) off the back of May’s \$655m to \$581m which is sure to have



had a manifest impact on the overall market given as an industry, it currently represents between 11 and 12% of all card spending in New Zealand (chart above, brown line). While we are not in a position to put too much analysis into the detail of the sector, given fuel demand tends to be fairly predictable, this reduction is likely to reflect price volatility more than the fact people are consciously choosing to not refill the car/boat or truck.

The chart above shows that those elements that make up

what is defined as ‘Core Retail’ (Consumables in dark blue; Durables in red; Hospitality in yellow; and Apparel in light blue) all saw increases in the proportion of total spend they make up.

That is important because the average ticket for these sectors is about \$43. Further evidence that card use is growing at what we in the industry call low ticket values, reinforcing the view that New Zealand is a mature payments market.

**The statistics in this paper are sourced from Statistics NZ and the RBNZ’s monthly release of payments data. They do not represent MasterCard financial performance.**

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