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Media Release

Lead on growth coming from outside the major centres

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Regional New Zealand has led the way in terms of spending growth through Paymark over the past quarter. Underlying spending growth was highest outside of the major centres, moderate in the major centres and generally low in the top half of the South Island.

Highest underlying annual spending growth between March quarters 2016 and 2017 was in Bay of Plenty (+8.5%), Hawke's Bay (+8.1%) and Nelson (+7.8%). Lowest growth rates were recorded by Marlborough (-2.8%), including Kaikoura, South Canterbury (+3.6%) and West Coast (+3.8%). The nationwide growth rate was 5.7%.

PAYMARK All Cards Core Retail spending March 2017 quarter versus same quarter 2016				
Region	Volume transactions millions	Underlying* Annual % change	Value transactions \$millions	Underlying* Annual % change
Auckland/Northland	94.78	7.2%	\$3,791.6	5.8%
Waikato	18.61	7.0%	\$729.9	5.5%
BOP	16.71	9.7%	\$696.7	8.5%
Gisborne	2.31	7.4%	\$89.3	6.0%
Taranaki	5.18	4.7%	\$201.5	4.7%
Hawke's Bay	7.68	9.4%	\$312.2	8.1%
Wanganui	2.79	7.5%	\$99.6	6.0%
Palmerston North	7.00	7.0%	\$255.1	6.1%
Wairarapa	2.41	5.6%	\$96.3	4.6%
Wellington	24.54	8.6%	\$890.4	6.2%
Nelson	5.13	9.3%	\$219.4	7.8%
Marlborough	2.80	1.3%	\$129.8	-2.8%
West Coast	1.58	6.2%	\$73.8	3.8%
Canterbury	27.31	7.7%	\$1,104.8	4.1%
South Canterbury	3.57	5.2%	\$160.5	3.6%
Otago	14.70	9.5%	\$648.8	7.0%
Southland	5.38	7.8%	\$240.4	6.6%
New Zealand	244.84	7.5%	\$9,893.2	5.7%

* Underlying spending excludes large clients moving to or from Paymark within last 12 months

Figure 2: Paymark All Cards Core Retail spending data (March quarter 2017 versus March quarter 2016)

An important influence was tourism, a key component of hospitality spending. International travellers, domestic travellers and locals combined to increase spending amongst Hospitality merchants (including hotels, camps, cafes and bars) by 9.9% between the March quarters of 2016 and 2017.

Hospitality growth rates were high in Southland, Hawke's Bay, Auckland/Northland, West Coast, Otago and Waikato. Noticeably, hospitality spending growth rates were low in the regions surrounding the earthquake-affected zones – in Marlborough, Canterbury and South Canterbury.

However, tourism spending alone is not proving sufficient to counter other forces in the tourist growth spots. In West Coast, low spending growth outside the hospitality sector lead to a low overall regional spending growth rate, in spite of hospitality comprising 30% of value of spending through Paymark in the region.

In Waikato, hospitality makes up only 16% of total spending through Paymark and, consequently, total spending growth was dominated by a wider set of factors. Conversely, in Southland, both the size of the hospitality boost and the high relative size of the sector led to an above-average total growth rate for the quarter, in spite of relatively moderate growth amongst outside of the hospitality sector.

The fast-growing regions during the quarter - Hawke's Bay, Bay of Plenty and Nelson - benefited from both strong growth amongst hospitality and non-hospitality merchants.

Auckland/Northland also experienced strong hospitality growth and yet only recorded a moderate total spending growth rate, in spite of fast population growth. Paymark figures do not reveal the source of this inconsistency. However they do show that spending growth was low during the quarter in Auckland/Northland amongst Housing-related merchants (+3.7%), such as those selling furniture, building materials, hardware and appliances, and amongst clothing and footwear merchants (+2.6%). It is likely that internet competition and local housing market pressures are contributing factors.

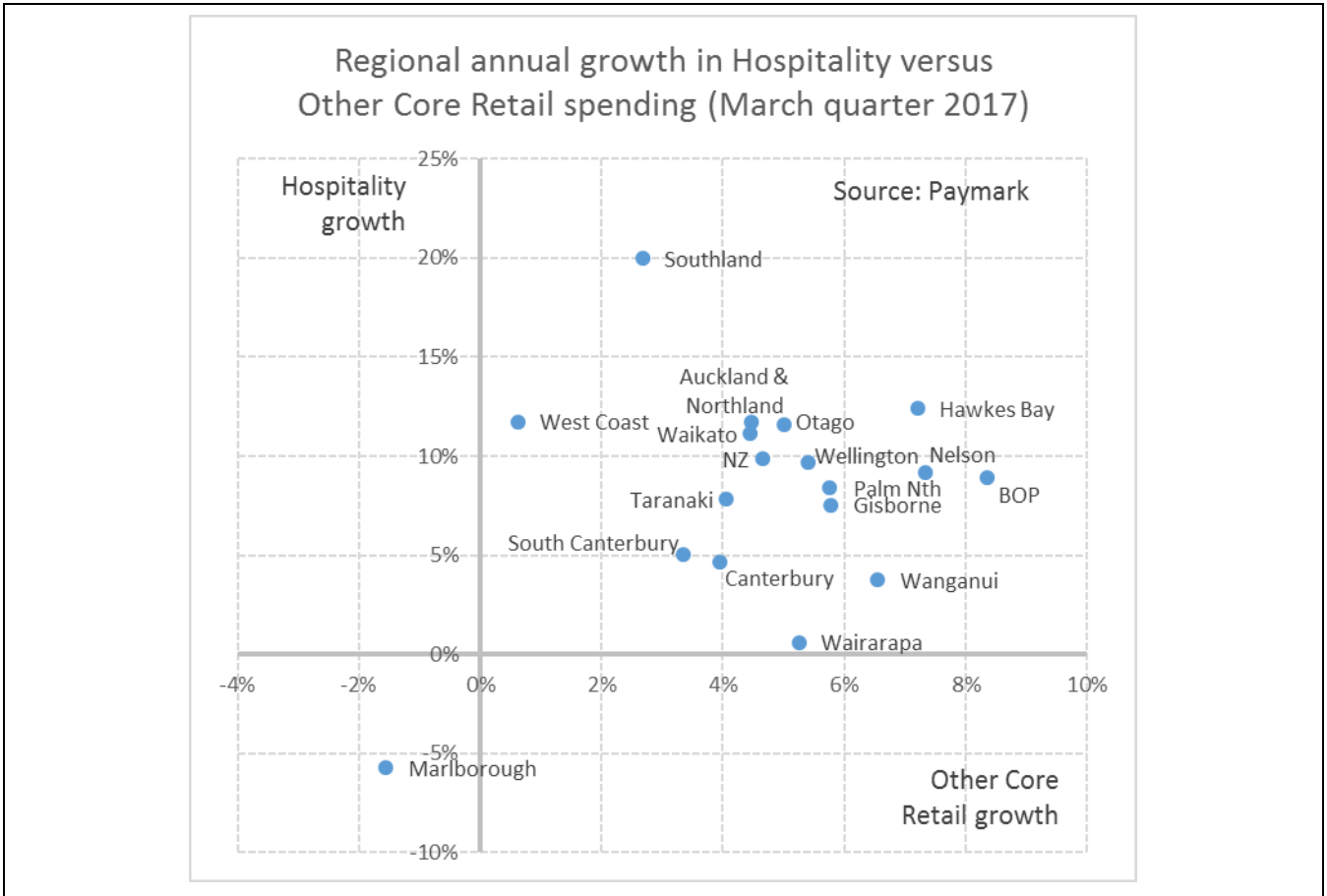


Figure 3: Annual underlying growth of Hospitality and Other Core Retail spending through Paymark (March quarter 2017 versus March quarter 2016)

Monthly Data

Looking at the month of March alone, underlying spending through the Paymark network was up 7.4% between March 2016 and March 2017, above the 5.7% average of the previous six months.

In seasonally adjusted terms, underlying growth was 0.5% between February 2017 and March 2017.

Annual spending growth was high amongst Motor vehicle and parts retailers (+12.2%), Hospitality providers (+11.7%) and, within the non-retail sector, amongst Medical service providers (+12.9%), such as doctors and dentists, and amongst Beauty and hairdressing salons (+10.8%).

Annual growth remains modest in aggregate amongst merchants linked to the housing market (+3.7%).

Spending through clothing and footwear merchants did accelerate above the 0.8% average of the previous six months but, at 5.5%, remains moderate.

Palmerston North (+11.1%) and Hawke's Bay (10.8%) experienced the highest annual growth rates in March. Spending continued below year-ago levels in the Paymark-defined Marlborough area (-1.1%) which includes Kaikoura.

PAYMARK All Cards Data (Mar 2017 versus same month 2016)				
Region	Volume transactions millions	Underlying* Annual % change	Value transactions \$millions	Underlying* Annual % change
Auckland/Northland	43.51	9.3%	\$2,110.4	8.4%
Waikato	8.03	8.0%	\$358.6	6.5%
BOP	6.95	8.1%	\$330.6	7.8%
Gisborne	0.98	7.1%	\$41.4	6.3%
Taranaki	2.25	5.5%	\$97.7	6.0%
Hawke's Bay	3.23	12.2%	\$144.3	10.8%
Wanganui	1.15	9.3%	\$46.5	5.7%
Palmerston North	3.42	11.1%	\$165.6	11.1%
Wairarapa	0.99	5.9%	\$43.4	5.8%
Wellington	11.49	12.4%	\$478.5	8.2%
Nelson	2.08	5.4%	\$101.4	3.9%
Marlborough	1.16	1.9%	\$59.6	-1.1%
West Coast	0.70	8.3%	\$36.0	7.1%
Canterbury	11.89	8.4%	\$559.9	4.8%
South Canterbury	1.55	6.4%	\$78.5	5.9%
Otago	6.25	11.6%	\$304.0	7.2%
Southland	2.29	9.0%	\$116.0	8.2%
New Zealand	108.75	9.2%	\$5,125.3	7.4%

* Underlying spending excludes large clients moving to or from Paymark within last 12 months

Figure 1: Paymark All Cards data (March 2017 versus March 2016)

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Paymark is New Zealand's leading electronic payments company



For the past 26 years we have served hundreds of thousands of New Zealand merchants through our safe, secure and reliable infrastructure.



Paymark covers more than 100,000 terminals, accounting for in excess of 75% of the New Zealand payments landscape. We process around 60 transactions every second of the day.



Paymark completed its 16 billionth transaction in October 2016.