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Media Release

Easter break slows spending growth

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It can be challenging to unravel the spending trend when the combination of disruptive weather, Easter closures and school holidays combine. Paymark figures for April show the net effect is an ongoing spending momentum – no doubt, welcome news. The figures also show the experience differed widely between regions and merchant groupings, suggesting merchants should choose their performance benchmarks carefully at such times.

Spending through Paymark's network increased, but only modestly, between March and April when measured in seasonally adjusted terms – up 0.3%. The overall dampening effect of Easter also shows as the annual underlying growth rate between April 2016 and April 2017 dropping below the average of recent months.

PAYMARK All Cards Data (Apr 2017 versus same month 2016)

Region	Volume transactions millions	Underlying* Annual % change	Value transactions \$millions	Underlying* Annual % change
Auckland/Northland	40.40	3.3%	\$1,954.6	2.5%
Waikato	7.56	4.9%	\$339.2	5.0%
BOP	6.81	8.7%	\$325.8	10.0%
Gisborne	0.94	5.9%	\$40.1	6.8%
Taranaki	2.17	3.4%	\$94.4	4.9%
Hawke's Bay	3.10	9.7%	\$140.9	11.7%
Wanganui	1.09	6.0%	\$44.2	5.5%
Palmerston North	3.20	5.2%	\$152.0	6.7%
Wairarapa	0.97	7.0%	\$43.0	8.4%
Wellington	10.56	3.1%	\$452.9	4.7%
Nelson	1.91	3.5%	\$93.4	4.6%
Marlborough	1.10	2.5%	\$55.0	2.2%

West Coast	0.63	10.4%	\$32.9	9.8%
Canterbury	11.05	1.7%	\$522.8	0.8%
South Canterbury	1.48	4.4%	\$73.9	4.3%
Otago	5.81	7.6%	\$287.1	9.1%
Southland	2.15	5.8%	\$107.6	5.9%
New Zealand	101.71	4.2%	\$4,813.6	4.3%

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

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

The primary driver of the regional difference was the Easter spending pattern. In the seven days ending Easter Tuesday (18 April), underlying spending declined in Auckland/Northland, Wellington and Canterbury, compared to the equivalent (non-Easter) days in April 2016. Conversely spending growth accelerated in most other regions. For example, underlying spending growth in West Coast jumped to 18.3% over the Easter week, well above 5.5% West Coast average of the first three months of this year. The first quarter growth rate serves as a proxy for the trend growth rate to otherwise expect at present.

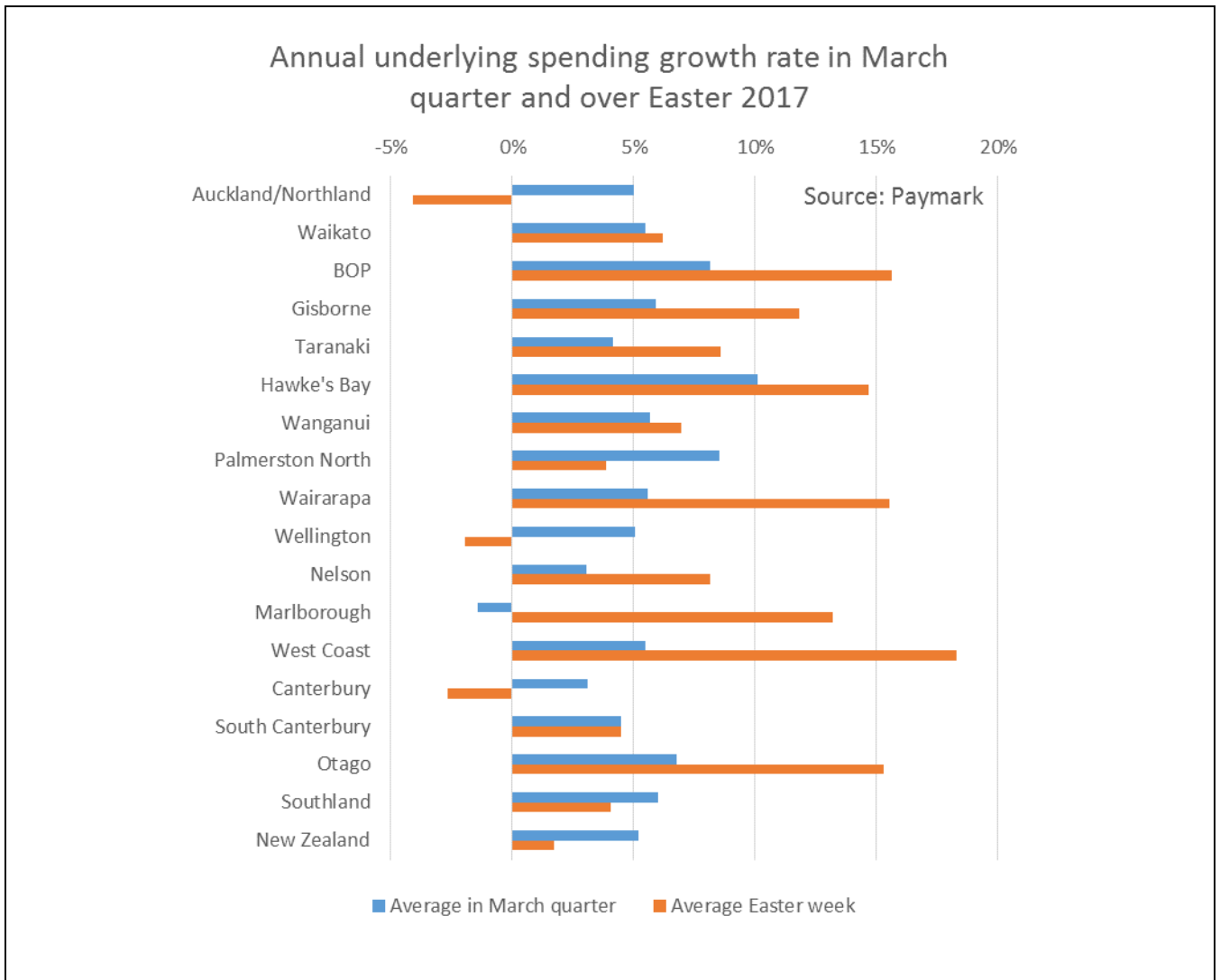


Figure 2: Annual underlying spending growth rate through Paymark in the week ending Tuesday 18 April compared to growth rate being experienced in March quarter, by Paymark-defined regions

Reflecting the shift away from everyday spending to recreational spending during Easter, national underlying spending growth accelerated amongst merchants retailing food and liquor goods (e.g. supermarkets) and providing accommodation services (e.g. motels), rising to 9.7% and 27.2% respectively (see Figure 3).

Spending declined over Easter amongst merchants selling non-retail goods and services (e.g. dentists, wholesalers). Spending still increased over Easter amongst the food and beverage service merchants (e.g. cafes) and amongst the traditional core retail shops (e.g. hardware stores) but the rate of growth was below the recent trend.

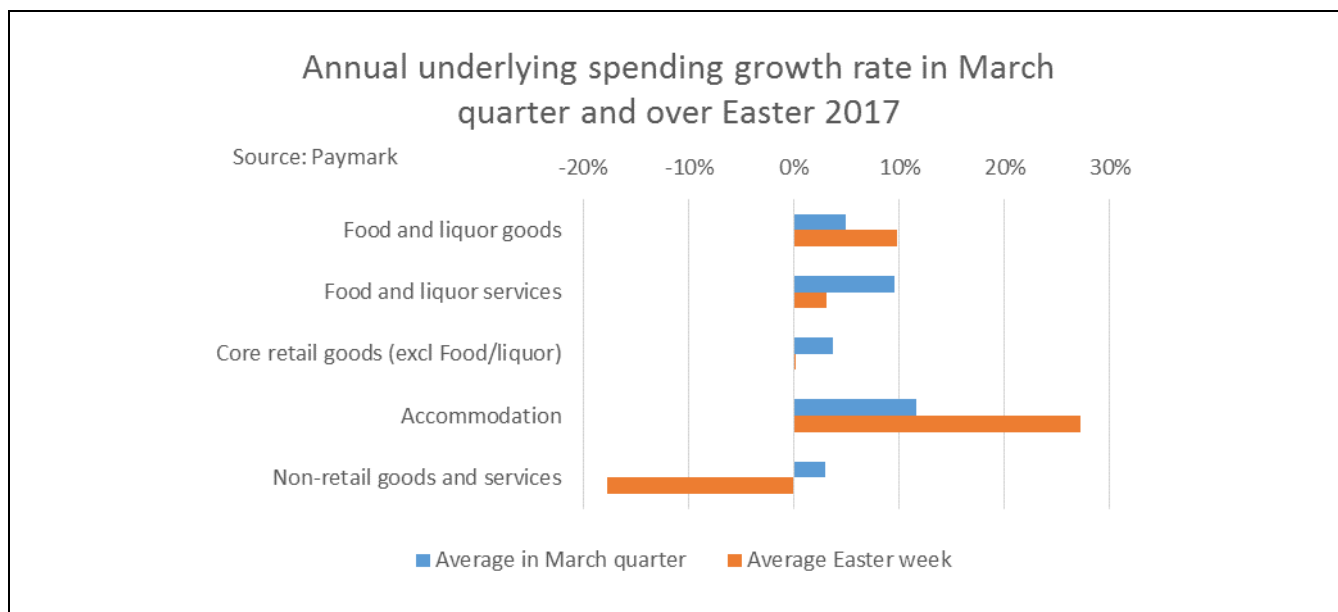


Figure 3: Annual underlying spending growth rate through Paymark in the week ending Tuesday 18 April compared to growth rate being experienced in March quarter, by national merchant groupings

Daily Spending

The daily spending pattern also differed across the Easter period.

The faster growth rate amongst food and beverage goods merchants primarily resulted from the extra spending on the Wednesday and Thursday before Easter – despite the wet weather – plus Easter Saturday. This more than offset the lower spending on Good Friday and Easter Sunday.

Spending through non-food core retailers showed a similar pattern, albeit with a much reduced pre-Easter spending boost. National spending through the cafes and bars did pick up on the Monday and Tuesday following Easter but only barely enough to offset the declines over Friday, Saturday and Sunday.

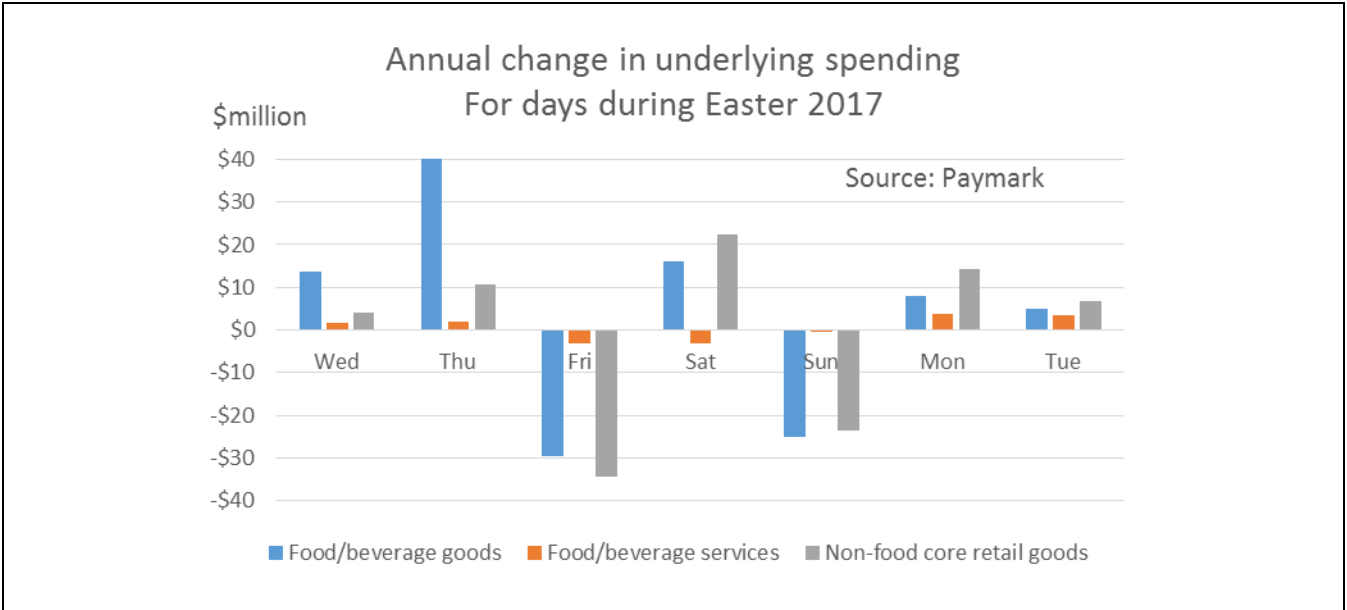


Figure 4: Change in underlying spending (\$ millions) through Paymark for parts of Core Retail sector between Easter 2017 and the same days in April 2016

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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.