



# What the Falling OCR Means for Your Business

*After a prolonged period of economic uncertainty and rising costs, the recent official cash rate (OCR) cuts marked a turning point for New Zealand's business community.*

The reductions brought much-needed stability, allowing business owners to look ahead with cautious optimism. But the big question remains: Will the OCR continue to fall, and what opportunities or challenges could this create for your business?

## Mark your calendar

In February 2025, the RBNZ cut the OCR by 0.50% to 3.75%.

The next key OCR announcement of 2025 is due on **8 April**. Experts predict the OCR may fall further as the Reserve Bank works to stabilise the economy and stimulate growth. However, this depends on global inflation trends and economic conditions. Staying informed will help you make timely, strategic decisions.

## Borrowing opportunities

The Reserve Bank's goal to return to a 'neutral' OCR of around 3% could bring mortgage rates down to 4.5%–5%, opening the door for significant savings on long-term investments. Lower interest rates make borrowing more affordable, creating opportunities to:

- Refinance existing loans.
- Invest in equipment, property, or other assets to support growth.
- Fund expansion plans with less financial strain.

## Shifts in consumer spending

The OCR cut is designed to stimulate economic activity, and while consumer habits don't change overnight, early signs suggest increased spending across many sectors. Demand for office and industrial spaces is also expected to rise as businesses expand operations.

## Investors

Whilst the OCR cut favours borrowers, investors come under more pressure looking for good long-term rates to keep up with inflation.

## Plan ahead

This shifting landscape creates opportunities but also requires adaptability. Key challenges in the months ahead might include rising competition for leasing, evolving customer preferences, and talent retention.

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## UPCOMING TAX DATES

**20 March 2025**

February 2025 PAYE Payment Due

**28 March 2025**

GST return & payment due for Period  
ending 28 February 2025

**7 April 2025**

2024 Terminal Taxes

**22 April 2025**

March 2025 PAYE Payment Due

**7 May 2025**

GST return & payment due for Period  
ending 31 March 2025

## Minimum Wage Rate in 2025

Workplace Relations and Safety Minister Hon Brooke van Velden has announced the coming year's minimum adult wage rate will be a moderate increase to \$23.50 on 1st April 2025. This is a 1.5% increase.

The Government's decision is being seen as reflecting the current economic climate and labour market conditions. The Minister commented that for the first time in 3 years inflation is within the Reserve Bank's target band and this increase to the minimum wage supports that.

# New Zealand's New Confirmation of Payee Service :

## What it Means for Getting Paid

From late November 2024, New Zealand banks are launching a new service called Confirmation of Payee (CoP). The service is designed to provide added security and accuracy for online and mobile banking account to account payments. It will help reduce mistakes and scams by enabling customers to check the intended recipient's name and account before making a payment.

### How the Confirmation of Payee service works

When you go to make domestic payments through personal online or mobile banking, the new service checks the recipient's account name and number to see if they match bank records.

For customers making payments, there is no requirement to install anything new, as the service will appear as a new step in the payment process on your online or mobile banking app.

When you're editing an existing payee, entering a new payee or making a one-off payment, the service requires you to enter the name registered to the account, rather than just a nickname or initials as you might have used in the past.

You will receive a pop-up notification that tells you the match result before you decide whether or not to continue to make the payment.

### What customers will see when they enter new payee details:

- Match: The name and account number match the recipient's bank records.
- Partial Match: The name partially matches, you may have entered initials, a nickname or a minor typo.
- No Match: The name and account number do not match, signalling a possible error or risk.
- Can't Check Payee Details: The account is not part of the CoP service or can't be checked at this time.

If a customer receives a "No Match", "Partial Match" or "Can't Check" response, they are advised to contact the recipient to confirm the account details and only continue with the payment if they know and trust the payee.

### What this means for receiving payments

For those who rely on timely payments, CoP means sharing accurate details is more crucial than ever. If your customer sees a "No Match" or "Partial Match" response, they may hesitate to complete the payment. It's important to double-check your account details and make sure they're easy to find on invoices or wherever you provide payment advice.

Here's how you can make sure CoP works in your favour:

- Provide the Full Account Holder Name: Make sure customers know the correct name registered to your account by providing it clearly on your invoices or in your payment instructions to avoid mismatches.
- Double-Check Your Account Number: Verify that your account number is correct on all documents to avoid unnecessary delays.
- Use Clear Invoicing: Where possible, use consistent account details on invoices to help customers feel confident their payment will reach you.

### Alternatively, you could approach your bank to become a registered bill payee

Become a registered bill payee so your customers can easily pay you from within their internet banking or mobile banking app. Instead of having to type out your account details when they want to pay you, [they can just search for your business' name](#).

#### Key features & benefits

- Customers can search for your business' name in their bank's internet or mobile banking.
- Your details will be registered with all other banks in New Zealand, so customers can find you no matter who they bank with.
- Easier for customers to make payments, they won't have to find and copy your account name and number and they won't get your details wrong.
- When customers make a payment they can easily search for your business and they won't have to complete a Confirmation of Payee check.
- Your customers will be prompted for required reference information when they pay you, so you'll get fewer payments that you can't reconcile.
- Your customers can set up recurring payments on a regular frequency (automatic payments) using the saved details.
- It's free to set up.