

# Dynamic Currency Conversion (DCC)



## What is DCC?

**Dynamic currency conversion (DCC)** is a point-of-purchase service where international Visa and MasterCard card users can choose to pay in their own currency, rather than the domestic currency being used in the country where they are making their purchase. This removes the unpredictability of the foreign exchange rate provided by the customer's bank when making international purchases as it presents the exchange rate at the time of purchase, so debiting the transaction in the local currency.

DCC is frequently used in hotels and restaurants as well as in tourist hot spots and serves as an opportunity to not only remove the unpredictability for consumers but also as a revenue generation opportunity for the merchant.

NetPay's partner bank, First Data Merchant Solutions (FDMS) has collaborated with FEXCO, the premier provider of DCC to merchants from all sectors including airline, retail, hospitality, duty free, surface transport and entertainment sectors. As a result of this collaboration FDMS has enabled NetPay Merchant Services to provide a DCC service to qualifying merchants.

## How does it work?

A merchant needs to process a minimum of £150,000 per annum in foreign exchange (FX) to qualify for a DCC merchant account with FDMS.

Using a specially configured terminal device the consumer inserts their card as normal, but before entering their pin they will be asked if they wish to debit in the local currency or in their home currency. An equivalent cost in their home currency, using a live foreign exchange rate, will be presented to them at the point-of-purchase when they will have the option to select or continue to purchase in the local currency.

An FDMS DCC application form will need to be completed.

Merchant accounts with DCC requirements take 48 hours longer to be approved than a standard merchant acquiring account, partly due to the manual boarding process used for the DCC platform.

There is also a manual boarding fee for the DCC platform per MID (Merchant Identification Number) which is payable by the merchant.

## The Terminal

As the terminal device requires specialist configuration the supply and model selection is different to the standard NetPay offer.

The terminal manufacturer used for the DCC service by FDMS and FEXCO is Verifone. It covers all connectivity types:

Fixed (corded) models with dial-up (PSTN) or broadband (IP) connectivity, Bluetooth and Wi-Fi as well as GPRS with a multi-network roaming SIM card.

Terminals are available on a 36 or 48 month lease, which requires a First Data Global Leasing (FDGL) contract to be completed. Support for these terminals is provided by FDMS and FEXCO rather than via the usual NetPay support team given the bespoke nature of the configuration.



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## The Commercials

Merchants earn commission on their total foreign exchange (FX) monthly transactions. This can typically become a material revenue source for busier locations which are popular with International tourists, often off-setting the total cost of the transaction charges for non-International cards. The commission is paid directly to the merchant from FEXCO.

Merchants will need to be PCI compliant in the usual way and pay the monthly PCI charges to be enrolled in the PCI program.

There is a transaction processing cost as part of the merchant services, payable by merchants across all transactions.

## DCC Benefits for Cardholders

<b>Convenience</b>	Cardholders know how much they are spending in their home currency.
<b>Transparency</b>	Full transparency on competitive foreign exchange rates and margins at the point of purchase.
<b>Customer Choice</b>	Cardholders are given full choice to accept DCC or not when making their purchase. Full visibility of the exchange rates and margin applied are provided.
<b>Exchange Rate</b>	Benefit from a locked-in competitive exchange rate when making a purchase.
<b>Business Travel</b>	Simplifies expense account claims for business travellers.
<b>No Additional Cost</b>	DCC is not an additional cost or fee. It replaces the normal currency conversion process applied by card schemes and issuers.

## Summary

FEXCO will provide every DCC enabled merchant with an Account Manager to support them with best practices, training and support. Merchants will be targeted to achieve greater than 60% conversion rates on DCC.

Merchants will need to contract with:

NetPay Merchant Services, First Data Merchant Solutions (FDMS), First Data Global Leasing (FDGL), FEXCO and if relevant American Express (AMEX).