

First Data

GlobalChoice™ Currency Conversion Solution

Guidelines for Dynamic Currency Conversion Transactions

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Overview of the Procedures and Guidelines

This guide is designed to provide you the necessary information to offer GlobalChoice, a Dynamic Currency Conversion (DCC) solution proudly brought to you by First Data.

It will help you to understand the service and the governing rules and regulations to ensure that you and your customers will benefit from this innovative solution.

After reviewing the contents of this guide you will be able to:

- ✓ Relay the benefits of GlobalChoice to a customer.
- ✓ Recognise a GlobalChoice transaction and how to process it.
- ✓ Understand the card association rules and regulations that must be followed to be compliant.
- ✓ Understand the common Frequently Asked Questions.



Welcome to GlobalChoice

Congratulations on your decision to offer GlobalChoice, a Dynamic Currency Conversion (DCC) solution for your international card customers. With this service, selected international customers will be able to pay in their own billing currency.

GlobalChoice removes the guess work and mental calculations typically required by an international cardholder to determine what a transaction will truly cost them.

When the cardholder chooses to have the transaction processed in their billing currency, the amount on the receipt will be the same as that submitted and processed to the international card schemes.

What is GlobalChoice?

GlobalChoice is a DCC solution made available by First Data giving you, the merchant, the ability to offer your international customers paying with either Visa or MasterCard the CHOICE to pay for their goods or services in their home currency.

A list of the supported currencies is included within this document and is subject to change.

The GlobalChoice service is only available for VISA and MasterCard branded card transactions. All other card types will continue to process as they do today.

It is important to remember that DCC is not an additional charge for your international cardholders; it merely replaces the currency conversion that would otherwise be applied by Visa or MasterCard.

How does GlobalChoice DCC Work?

GlobalChoice DCC is offered to your international cardholders when making their purchase on the First Data EFTPOS terminal or the internet payment solution provided by First Data. When the card is presented to the terminal or keyed into the or the internet payment solution provided by First Data, the terminal will determine whether the card is a candidate to offer DCC and if so, automatically prompt the merchant by loading the DCC particulars onto the screen. Merchants can then present the cardholder with the choice to pay in either AUD or the cardholder's home currency.

In short, DCC:

- Offers international cardholders the CHOICE to pay for goods and services in their home currency.
- Is available on Visa and MasterCard transactions.
- Automatically prompts you, the merchant, when a supported currency is detected by displaying the DCC particulars on your First Data EFTPOS terminal for presenting to your customer.
- Provides your international cardholders with full transaction visibility including the cost in AUD, the equivalent cost in the cardholder's home currency, applied exchange rate, margin applied and the rate source.

Exchange Rates

Each time an international VISA or MasterCard is presented for payment, the applicability of whether a DCC offering can be made will occur.

The GlobalChoice DCC exchange rates are updated dynamically by the rates provider, FEXCO. These rates are set by FEXCO's in-house Treasury Department and calculated by adding a margin to the Reuters wholesale interbank exchange rate.

A wholesale interbank exchange rate is a rate typically not offered to consumers but used by financial institutions to conduct business on a wholesale level.

Rate Margin

An international currency selection fee (margin) is added to the base exchange rate. The base exchange rate plus the rate margin is the total exchange rate (the "Transaction Rate") that is presented to the cardholder and guaranteed for the life of the transaction (i.e. this rate is the rate that will be applied to the transaction when the transaction is posted to the cardholder's account by their issuer).

Compliance Adherence

DCC must be offered in compliance with the Visa and MasterCard regulations. The fundamental principles of DCC as outlined by Visa and MasterCard, relate to transparency and choice. Specifically that:

- DCC is an optional service.
- The international cardholder is given the CHOICE to pay in either the merchant's base currency (AUD) or the cardholder's home currency.
- The international cardholder is given the choice to accept or decline DCC.
- The terms and conditions associated with DCC are fully disclosed to the international cardholder in order for them to make an informed decision.

First Data is highly committed to assisting merchants to ensure the DCC service is offered in accordance with Visa and MasterCard requirements. Accordingly, it is important that all merchants and merchant staff in turn, understand the obligations associated with offering DCC.

The GlobalChoice DCC service being provided through First Data EFTPOS terminal is fully compliant. As a merchant, your compliance commitment rests with the interaction you have with your international cardholder. The following points are therefore important to remember:

- That DCC is an optional service.
- As **Active Choice** is a tenant of the DCC compliance, the offer to participate in a DCC service must be accompanied by providing all the particulars required for a DCC offering.
- You cannot use language or procedure that may make paying in the merchant's currency (AUD) difficult or choose the DCC service by default.
- You need to disclose both the AUD and the foreign currency equivalent and the margin to your customer.

- You must not make claims relating to the DCC service that are incorrect or cannot be substantiated.
- That the merchant's currency (AUD) remains the default currency on any transaction.
- That when an eligible card is identified, the international cardholder will be given the choice in which currency to pay and you must respect the decision of the international cardholder.

You must ensure that any new customer facing staff are properly trained in GlobalChoice DCC. It is strongly recommended that the requirements on offering GlobalChoice DCC are reviewed with your customer facing staff on a regular basis.

Please note: Failure to comply with scheme requirements can result in disciplinary action up to and including revocation of GlobalChoice offering and processing capabilities.

It is important to note that from time to time Visa and MasterCard may 'mystery shop' to ensure that the principles and rules concerning DCC transactions are being adhered to.

Processing GlobalChoice Transactions

Card Present

Currency conversion begins immediately after a card is read by the EFTPOS terminal. The EFTPOS terminal will determine whether the card presented for payment is an international card or not.

If it is, and if the card falls into one of the eligible currencies for DCC, the EFTPOS terminal will source details of the exchange rate, in real time, to be applied to the transaction and will present these on the screen.

A typical DCC transaction flow therefore reflects:

1. International cardholder presents a Visa or MasterCard for payment.
2. The EFTPOS terminal determines whether the card presented for payment is an international card.
3. If it is, determine whether the card falls into one of the eligible currencies for DCC.
4. Obtain an exchange rate.
5. Display the pertinent details on the EFTPOS screen.
6. If the international cardholder accepts the DCC offer, the terminal will then process an authorisation request in the cardholder's home currency.
7. The approved transaction will then be processed using the transaction amount equivalent of the cardholder's home currency.
8. Merchant and cardholder receipts will be generated as usual however additional information will be printed on the receipt in accordance with the scheme requirements.



Your First Data EFTPOS terminal will look like this:

The AUD amount

The equivalent amount in the cardholder's home currency

The exchange rate

Any fees/margins/commissions being applied

Consistent with the other functionality of the EFTPOS terminal, if the cardholder accepts the DCC offering, select the 'thumbs up' tile to proceed

If the cardholder declines the DCC offer, select the 'thumbs down' tile and the terminal will automatically proceed to process the transaction in AUD

Your First Data EFTPOS terminal DCC receipt will look like this.

First Data™

First Data

Customer Copy

28 APR 2016 16:00:22

MERCHANT ID	4229851 2345678
TERMINAL ID	12345678
USER	01
INV NO	000012
STAN	000034
ACCOUNT TYPE	CREDIT
VISA	
.....000(s)	12/17
SALE AMOUNT	AUD \$100.00
EXCHANGE RATE USD/AUD	0.8306
% MARGIN INCLUDED	3.00
TRANSACTION CURRENCY	USD
AMOUNT	USD \$83.06

I have been offered a choice of
Currencies including AUD and agreed
to pay in USD

The service to pay in your own
Currency is offered by FDI

This transaction is based on
REUTERS WHOLESALE INTERBANK
Exchange rate

APPROVED **08**
SIGNATURE ACCEPTED

eDCC

The First Data Gateway also supports GlobalChoice DCC. There are two ways it is supported:

- * eCommerce transactions through the payment page solution
- * Mail and Telephone Orders (MOTO) through your Virtual Terminal

Hosted Payment Page Solution

The currency conversion process begins immediately after the card details are entered into the payment page. The Gateway will determine if the card number entered is an international card and a candidate for a GlobalChoice eDCC offering.

If it is, the internet payment page will display the following details*

The screenshot shows a payment page with the following content:

- Amount \$ 26.99 AUD
- All payment information is encrypted and transmitted only via a secure 128bit SSL (Secure Socket layer) connection.
- Pay in your home currency €14.35 EUR**
The above payment amount is calculated using an exchange rate of 0.532 (sourced 14/07/2014 from REUTERS WHOLESale INTERBANK, plus a standard international margin of 3.00%). This service is provided by Fexco MS and cardholder choice is final.
- Pay \$26.99 AUD**
Selection of this option will result in your card issuer determining a rate of exchange and or margin at a future point in time.
- Buttons: Cancel, Continue

* Page representation is indicative

If you choose to host your own payment page, you must ensure your cardholder choices and disclosures comply with card scheme regulations. Please refer to the 'Compliance Adherence' section of this document for more information.

Virtual Terminal Solution

The currency conversion process begins immediately after the card details are entered into the virtual terminal page. The Gateway will determine if the card number entered is an international card and a candidate for a GlobalChoice eDCC offering.

If it is, you will be presented with a screen displaying the cardholder's choices. You must ensure that you read out the options and disclosures to the cardholder and allow them to make their choice.

If the GlobalChoice DCC selection is accepted, the transaction receipt page will display the following details*

Please review the following options with the cardholder before proceeding:

Pay in your home currency €14.35 EUR

Would you like to pay for this order in your home currency? We have Calculated the total cost of your order as 14.35 EUR, using an exchange rate of 0.532, which was sourced on today's date of 01/08/2014 from Reuters Wholesale Bank, and includes a 3.00% margin. This service is provided by Fexco Merchant Services and cardholder choice is final.

Pay \$26.99 AUD

Alternatively, you can pay 26.99 AUD, and the currency conversion will be performed by your card issuing bank using an exchange rate which is determined at a later date. Cardholder choice is final.

* Page representation is indicative

Transaction Receipts

Receipts from transactions processed through the Hosted Payment Page and Virtual Terminal solutions contain currency and disclosure details if GlobalChoice DCC has been selected.

Amount	\$100.00	AUD
Converted amount	\$ 83.06	USD

All payment information is
Encrypted and transmitted only via
A secure 128bit SSL (secure socket layer) connection

Transaction Information

Order Number	C-47264050-a1c6
Total	83.06
Currency	USD

Payment Information

Exchange Rate:	0.8306
Margin:	3.00%
Exchange Source:	REUTERS WHOLESAL INTERBANK
Service Provided by:	FEXCO MS
Transaction Amount:	100.00
Transaction Currency:	AUD

The above payment amount is calculated using an exchange rate of 0.8306 (sourced DD/MM/YY from REUTERS WHOLESAL INTERBANK plus a standard international margin of 3.00%). This service is provided by FEXCO MS and cardholder choice is final

Please click 'Continue' to complete the payment process

* Page representation is indicative

If you choose to render your own receipts, you must ensure your disclosures comply with card scheme guidelines. Please refer to the 'Compliance Adherence' section of this document for more information.

DCC Transaction Exceptions

Where First Data is offering the GlobalChoice DCC solution on the EFTPOS terminal for card present transactions, the DCC solution is not available through the EFTPOS terminal for the following transaction types:

- Contactless transactions
- Electronic Fallback
- Mail Order/ Telephone Order (MO/TO)
- Void
- Purchase/ Cash Out

When DCC is applied to a transaction

Understanding when GlobalChoice DCC is applied to a transaction will assist you in better informing your international cardholders and in turn, improve your DCC experience.

Purchases / Pre-Authorisations

The rate applied to a purchase or pre-authorisation will be the prevailing rate of exchange at the time of the transaction.

Pre-Authorisation Completions

If a pre-authorisation was performed with DCC, the terminal will automatically recognise this and will progress to offer DCC for the completion also. The prevailing rate of exchange at the time of the completion will apply. There is no linkage back to the exchange rate offered at the time of the pre-authorisation.

Refunds

A refund is treated as a separate transaction from the initial purchase. In the case of a refund you must, wherever possible, process the refund in the currency of the original transaction. You can accomplish this following the same process in place for the purchase; therefore when processing a refund, if the original transaction was processed with DCC, the refund must also be processed with DCC. The refund will be processed using the prevailing rate of exchange at the time of the refund. There is no linkage back to the exchange rate offered at the time of the original purchase. The international cardholder bears the risk that the exchange rate may have changed since the date of the original transaction.

Similarly, if the original transaction was processed in the base currency (AUD) the refund must be processed in AUD.

When GlobalChoice DCC is selected by the cardholder, you must retain proof that the original purchase was converted using GlobalChoice. Missing or illegible receipts should result in a refund in base currency. It is important to ensure that you are not processing refunds using GlobalChoice when the original transaction was not converted.

A prudent practice is to insist on seeing a receipt or have a record to verify the currency chosen during the original purchase to ensure you are not paying back to the cardholder a rate margin that was not generated on the initial transaction.

To illustrate how this works, we have outlined the various steps involved:

- 1 Refunds credits are processed at prevailing exchange rate at time credit is processed
- 2 Credit must be processed in same currency of original transaction currency eg. if sale transaction was in a foreign currency (EURO) then the cardholder will receive a credit in EURO
- 3 **Note:** If original transaction was in base currency or receipt is not available or illegible, the refund should be processed in the base currency.
- 4 The amount debited to your account for the refund will be in the original base currency amount of transaction
- 5 Reporting will display foreign currency amount and original base currency amount
- 6 Merchant Commissions applied to the original transaction will be reversed

Chargebacks

In the event of a chargeback being received for a transaction which was processed with DCC, the rate applied will be the rate used for the original purchase.

Summary

- The international cardholder must clearly be offered the CHOICE of paying in either the merchant's home currency (AUD) or their home currency.
- When your First Data EFTPOS terminal is enabled for DCC, the terminal will automatically determine whether the card presented is a candidate for GlobalChoice DCC and prompt the merchant to offer DCC by displaying all the required information. The First Data internet payment page will also operate in the same manner.
- International cardholders have the right to accept or decline DCC.
- DCC provides international cardholders with full transaction visibility and peace of mind at the time of the purchase.
- GlobalChoice DCC is available on a wide range of currencies. Please see the list of currencies applicable at the end of this document.
- The exchange rates provided by FEXCO for the GlobalChoice DCC solution are sourced from Reuters.
- Refunds should be processed in the currency of the original transaction.

Suggested phrases for offering GlobalChoice DCC

Merchants may use the following suggested phrases when offering DCC to international cardholders.

Would you like to pay in your own currency?

DCC enables you to make an informed decision when paying for your goods or services as you will know the exact amount of your purchase and the conversion rate applied

Can you please confirm whether you would like to pay in the local currency or in your home currency?

Your bill comes to AUD \$XX which is equal to XXX in your home currency. Would you like to pay in AUD or XXX?

Frequently Asked Questions

1. What is DCC?

DCC is a convenient service that offers international cardholders the CHOICE to pay for goods and services in their home currency.

2. Why is DCC a good option for my international customers?

The amount for which the customer is paying is the amount that will be applied for the transaction. The cardholder is in full possession of all the details to make an informed choice. No "bill shock" when they return home and receive their statement!

3. How do I know when a card is eligible for DCC?

Your First Data EFTPOS terminal or First Data internet payment page will identify whether the card presented is an international card and the eligibility to offer DCC. There is no need for you to remember the currencies supported.

4. What card types are supported with DCC?

The GlobalChoice DCC service is available on Visa and MasterCard cards only.

5. What Currencies are supported with DCC?

DCC is available on a wide range of currencies. Please see the list of supported currencies at the end of this document.

6. Do I have to inform the cardholder?

Yes, it is imperative that when offering DCC that the cardholder is given the choice whether to pay in the merchants home currency (AUD) or in their home currency. The cardholder reserves the right to choose which currency.

7. What do I do if the cardholder says no?

If the international cardholder declines the DCC offer, your First Data EFTPOS terminal will automatically process the transaction in AUD (subject to an approved authorisation being received).

8. Will my customers be surprised when I offer DCC?

DCC has become prevalent around the globe and so there is a possibility that your international cardholders will have had exposure to DCC

previously. For some regular travellers, they may even come to expect being offered DCC.

9. Do I have to tell my customers the transaction amount in both currencies?

Yes. You must inform the international cardholder how much their purchase will be in both currencies. This information is clearly displayed on the First Data EFTPOS terminal or First Data internet payment page.

10. Do I have to tell my customers that a margin is being applied to the exchange rate?

Yes. You must inform the international cardholder that a margin is being applied. This is to enable the international cardholder to be fully aware of the DCC offering in order to make an informed decision.

11. Do my staff require training?

Yes. It is essential that all staff are trained in offering GlobalChoice DCC to ensure compliance with Visa and MasterCard requirements. Additionally by following the recommended procedures both you and your international cardholders will appreciate a better DCC experience.

12. How much training is required for my staff?

We would encourage that you give your staff training on a regular basis in order to support DCC requirements. If you have new staff we recommend that before they service your international customers that they are trained on DCC.

13. Can I set my own rates and margins?

No. The rates are set by FEXCO on behalf of First Data. The margin applied to the exchange rates has also been set by GlobalChoice.

14. Where are the rates sourced?

FEXCO's exchange rates are sourced from Reuters, a globally recognised provider of foreign exchange rates. The Reuters wholesale interbank rate is comparable with those used by Visa and MasterCard and is monitored closely by FEXCO.

Appendix A

Currencies in scope (as at 1 June 2016)

Country	Foreign Currency	Currency Code
United Kingdom	Pound Sterling	GBP
United States	Dollar	USD
Euro Zone	Euro	EUR
New Zealand	Dollar	NZD
China	Yuan / Renminbi	CNY
Singapore	Dollar	SGD
Canada	Dollar	CAD
Hong Kong	Dollar	HKD
Switzerland	Franc	CHF
Malaysia	Ringgit	MYR
Japan	Yen	JPY
Indonesia	Rupiah	IDR
Sweden	Krona	SEK
South Africa	Rand	ZAR
Norway	Krone	NOK
South Korea	Won	KRW
Russia	Ruble	RUB
United Arab Emirates	Dirham	AED
Thailand	Baht	THB
Brazil	Real	BRL
Taiwan	Dollar	TWD
India	Rupee	INR

