

Improving transparency in currency conversion

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The Association of Credit Card Issuers in Europe (ACCIE) welcomes the European Commission's intention to focus on greater transparency in currency conversion. On 24 July 2017, the public consultation on transparency and fees in cross-border transactions in the EU was opened. This was a follow-up on the Consumer Financial Services Action Plan: Better Products, More Choice, published earlier this year.

ACCIE is in favour of raising consumer awareness on how to select a more favourable payment option for a transaction that involves currency conversion within the EU. More information about the different currency conversion options such as cash exchange, dynamic currency conversion (DCC) at point of sale and currency exchange by issuers can lead to consumers choosing the option that is most favourable to them. Furthermore, providing information on these different options about for example risk, convenience, price, and reference ability can help consumers in making their decision. Awareness on where to find information on different conversion options and the associated costs, can also contribute to guiding consumers to the conversion option that is most favourable to them.

When consumers pay or withdraw money in a foreign currency, card users are often offered two currency conversion options. The first option gives consumers the choice to pay in the local currency. In this case, currency conversion is applied after the transaction has taken place, therefore the exact exchange rate is not yet known at the moment of the transaction. Only after the transaction, the price can be determined by applying the exchange rate and the exchange fee. The second option allows consumers to carry out the transaction in their home currency, called DCC. In case of DCC, the consumer has absolute certainty about the price of the transaction. This is in essence an insurance for which the consumer is charged. For that reason, selecting DCC often comes at a higher cost. Consumers are not always aware of the higher costs since not all information can be disclosed at point of sale to make a fully informed decision.

ACCIE believes in full transparency in order for consumers to make a well-informed decision when choosing a currency conversion option. We notice that consumers are often unaware of the differences between currency conversion options, their characteristics, and costs. As a concrete measure, ACCIE suggests, in case DCC is used, all underlying rates and fees applied to the transaction are passed on in the payment transaction process, so they can be presented to the consumer who can then assess different options afterwards. This will empower consumers to make more favourable decisions in cross-border transactions.

About ACCIE - ACCIE represents the specialised European credit card issuing industry in its dealings with EU and Member State institutions. Its mission is to ensure that its cardholders across Europe gain optimal benefit from the credit card payment instruments offered by its members.

The members of ACCIE provide services to approximately eight million cardholders in seven different EU Member States (Austria, Belgium, France, Germany, Luxembourg, the United Kingdom and the Netherlands).



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