

Proposal on Cross-border fees and transparency in currency conversion

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The Association of Credit Card Issuers in Europe (ACCIE), DIGITALEUROPE and EuroCommerce welcome the aims of the European Commission's legislative proposal to amend Regulation No 924/2009, including its goal to enhance transparency in currency conversion and present all conversion options neutrally.

We would however also like to emphasise that, where practically possible, any gains in transparency need to be operationally workable so as not to undermine the efficiency of the payment process while at the same time enhancing consumer choice. In this respect, we highlight three obstacles which raise concern that the proposal in its current form would, if let unchanged, lead to the potential demise of the service offered to consumers due to technical requirements that cannot be met by payment service providers and/or practical operational concerns by card issuers and merchants:

1. **Delayed settlement of exchange rates:** It is not technically possible to provide all the information demanded in the proposal, as the payment process (for both DCC and non-DCC transactions), never takes place instantly because banks settle their accounts only once each day. The exact exchange rate applicable to a particular payment is only known at the moment of settlement. Therefore, it is not currently possible to inform the consumer of the exchange rate applied at the point of sale at that precise moment in time. We believe providing more information on fixed fees and charges would be a workable compromise and would deliver greater transparency for consumers, so enabling them to make an informed choice (but without knowing the exact amounts);
2. **Payment terminal limitations:** Displaying a full breakdown of all currency conversion options offered at the point of sale might be difficult on the small screens of the current generation of payment terminals. Requiring merchants to replace this equipment would result in significant additional cost to merchants, extensive testing and possible re-accreditation. The additional investment required to do this may exceed the benefits to be derived resulting in fewer merchants offering the facility and therefore removing consumer choice. If new terminals are required, and taking into account that the payment terminal lifecycle for most merchants is between 5 to 7 years, we fear it would take several years before the required technology is implemented at merchant point of sale;
3. **Slow and confusing shopping experience:** Any solution needs to be simple for the consumer to understand, cost effective and easy to implement. Merchants support the overall objective of improving transparency to enable consumers to make informed choices but are concerned that the provision of too much detailed information could result in lengthy discussions and explanations at the point of sale, leading to unnecessarily long queues. Furthermore, we foresee this would make life more difficult and stressful for the elderly and people with poor eyesight who already might struggle with the information that is currently displayed on the terminal. Therefore, any additional information provided at point of sale has to be simple, clear and easily understood by consumers.

To conclude, we call on all MEPs to amend the Draft Report to take into consideration the technical and operational concerns mentioned above and so ensure that the objective of greater transparency and consumer empowerment is workable and leads to tangible improvements for all consumers. We would be happy to elaborate and provide further information in a call or meeting.