



# Optimize Your Cross-Border Ecommerce Payment Acceptance

Best practices for ensuring proper disclosures and improving the customer experience

## FOR MORE INFORMATION

Acquirers with additional questions about cross-border ecommerce payment requirements should contact their Visa representative.

To learn more about cross-border ecommerce payment acceptance, merchants should contact their acquiring banks.

Many domestic ecommerce merchants today are expanding their global footprint, making cross-border ecommerce payment processing an important and growing trend.

For ecommerce merchants, cross-border payment acceptance means enormous opportunities to sell to emerging markets.

On the flip side, it provides online shoppers with a far greater reach, enabling them to buy goods and services from all corners of the world.

As the number of merchants selling to foreign cardholders continues to rise, careful consideration must be given to the unique dynamics of cross-border ecommerce and the need to optimize the transaction experience for both merchants and consumers.

A crucial sales component for any cross-border ecommerce merchant is to ensure their customers understand that they are making an international transaction. Unlike a face-to-face retail environment where the merchant location is obvious to the customer, a cross-border website may be presented in multiple languages, often without any action taken by the customer. As a result, a website can appear domestic, especially for new customers or less savvy shoppers. Consequently, these customers may incur more fees and/or taxes than they would with domestic transactions.

Intended for both acquirers and merchants, this document:

- Provides a high level look at the Visa rules covering international ecommerce.
- Walks through the key concepts and considerations for processing foreign currency transactions, and
- Offers a set of recommended merchant best practices for cross-border payment disclosures and processing.

## What are the Visa Rules regarding cross-border ecommerce disclosures?

As specified in the Visa Core Rules and Visa Product and Service Rules, merchants must disclose their payment location (i.e., country) to consumers as part of the merchant website requirements.

In addition, a merchant website must contain the address of the merchant's or sponsored merchant's permanent establishment, including the merchant outlet country. This address can appear:

- On the same screen view as the checkout screen used to present the final transaction amount, or
- Within the sequence of web pages the cardholder accesses during the checkout process.



## Foreign Currency Transactions – Key Concepts and Considerations

Acquirers and ecommerce merchants looking to build a presence in the global marketplace need to do so with a clear understanding of some of the key concepts and considerations that are critical to processing foreign currency transactions.

- **Cardholder Billing Currency** is the currency that the issuer uses to bill a cardholder for their transactions. Typically, cardholder billing currency is the same as the cardholder country currency, but can be different as in the case of a Foreign Currency Issued Card (FCIC).
- **Card Currency** is the client-provided billing currency configured in Visa's processing systems. An Issuer must ensure that the Billing Currency designated in VisaNet is the same currency in which the Cardholder is debited for Transactions, or in which the Issuer bills and receives payment for Cardholder Transactions.
- **Multi-Currency Pricing (MCP)** is typically offered by ecommerce merchants when they assess the customer location and display the price of goods or services in the cardholder's domestic currency or in multiple currencies that the cardholder can select while continuing to have the option to pay in their home currency. For example, with multi-currency pricing for ecommerce transactions, the cardholder typically loses the choice to pay in the merchant's currency and will only be presented with the price in the cardholder currency. The website determines from the cardholder's IP address their country of origin and then prices appear in the country currency. Merchants benefit from catering to international customers by pricing in a currency they understand and feel more comfortable with, while continuing to receive settlement and reporting in the merchant's home currency or currency of choice.
- **Dynamic Currency Conversion (DCC)\*** occurs when the merchant converts the purchase amount from the merchant's currency to another currency, typically the cardholder's billing currency. Ideally the merchant will use a file provided by Visa to their acquirer that enables the merchant to identify the correct cardholder billing currency in which to offer DCC. The merchant submits the transaction for processing in the converted currency, and typically charges a fee or mark up on the foreign exchange rate. Cardholders offered DCC may appreciate the increased transparency as they can see the transaction amount at the time of sale in both the merchant's and their own currency, as well as the exchange rate and any mark-up added, and can then make an informed choice.
- Some cardholders have cards that are denominated in a currency that differs from their home currency. For example if they have a Foreign Currency Issued Card (FCIC). For these cardholders, cross-border transactions priced in their home currency can actually be converted twice (once from the merchant country currency into their card country currency, and then again from that currency to the cardholder billing currency). Major issuers of FCIC cards are located in Russia, Mainland China, Brazil, South Korea and Argentina. To minimize any negative customer experience as a result of potential double conversion, merchants are reminded to ensure they offer DCC in the correct cardholder billing currency. Acquirers can subscribe to the Account Billing Currency File from Visa to ensure they offer DCC in the correct cardholder billing currency.

\* DCC is a merchant-offered currency conversion service that is provided by acquirers (or DCC agents). It is not a Visa service.

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**DCC disclosures must occur at the time the DCC offer is made and before the cardholder is asked to actively choose the transaction currency.**

**If the cardholder actively chooses DCC, the transaction receipt must include the same disclosures previously provided to the cardholder in addition to all other required DCC information.**

## Merchant Best Practices

Full and clear currency disclosures can help cross border ecommerce merchants to avoid any customer misunderstanding and unnecessary cardholder disputes. The following best practices can assist merchants in this area.

- ✓ Fully disclose on your website payments page, the country **or region** in which you are currently operating. You should also inform the customer of the transaction currency used for the purchase. This is particularly important for currency that is not unique. For example, a dollar may be an Australian, New Zealand, Hong Kong, or U.S. Dollar.
- ✓ Price goods in your local currency by default and require that your customer opt to see prices in their local currency, only through conscious choice.
- ✓ Include call outs on the checkout page to remind customers that they may incur additional fees and/or taxes as they appear to be using a foreign card.
- ✓ If you decide to offer MCP, allow the cardholder an easy and quick way to toggle between currencies, or shift back into merchant's local currency.
- ✓ Clearly display all information relating to the Dynamic Currency Conversion (DCC) service on your website, if applicable.
- ✓ Require the cardholders to indicate whether they accept or decline using the DCC service. When cardholders select DCC, use the card currency. Do not estimate the currency based on the location of the cardholder. Be sure that your transaction receipt statements include all required information.
- ✓ To avoid customer complaints from double conversion, check the card's denominated currency before offering DCC services. Only offer DCC if the denominated currency is different from your home currency.

