Optimize Your Cross-Border Ecommerce Payment Acceptance

Best practices for ensuring proper disclosures and improving the customer experience

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

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.

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 the cross-border ecommerce market 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 international 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 International Operating Regulations*, merchants must disclose their payment location (i.e., country/region) to consumers as part of the merchant website requirements.

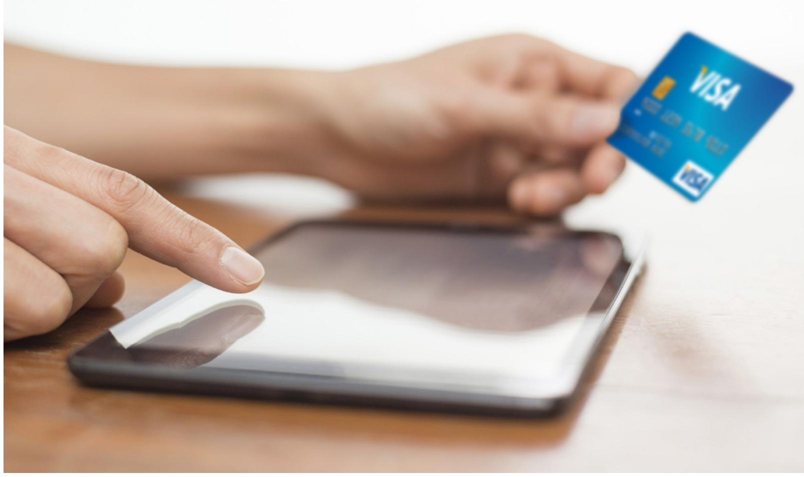
In addition, a merchant website must contain the address of the merchant's or sponsored merchant's permanent establishment, including the merchant outlet country/region. This address can appear:

- 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/region 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. Visa does not require the card currency configured in the Visa system to be the same as the actual cardholder billing currency.
- **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, a Japanese customer browsing a US-based website with MCP functionality may view prices in US dollars, or in Japanese Yen. The customer may then be given the option to pay in the currency of his or her choice.
  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 merchants' currency to the cardholder's local currency, based on the cardholder's payment card account number. 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 benefit from this increased transparency as they can see the transaction amount at the time of sale in the merchant's native currency, as well as their own.
- **Double Conversion** can cause confusion and can potentially result in the cardholder paying multiple foreign exchange fees. Some cardholders have cards that are denominated in a currency that differs from their home currency. That is, their issuer has issued them 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 transaction currency into their card currency, and then again from their card currency to their billing currency). Major issuers of FCIC cards are located in Russia, Mainland China, Brazil, South Korea and Argentina.



Merchants must disclose their payment location to consumers as part of the merchant website requirements.

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

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/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.

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.

- 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.

Visa Resources

International Transaction Guide: DCC Program Requirements

Available to acquirers through Visa Online (www.visaonline.com) and the Visa Publication Center. Acquirers supporting Dynamic Currency Conversion (DCC) transaction practices should refer to the *International Transaction Guide: DCC Program Requirements*. The Guide clarifies the requirements around transaction currency practices on international transactions such as DCC and identifies the differences between DCC and Multi-Currency Pricing (MCP). It is also intended to protect Visa's brand integrity by reinforcing that these transactions, just like any other Visa transaction, must provide transparency to the cardholder and honor the cardholder's choice.

Visa Ecommerce Merchant's Guide to Risk Management

Available to acquirers and merchants at www.visa.com/merchants. The *Visa Ecommerce Merchants' Guide to Risk Management* is designed to help ecommerce merchants address the emerging and rapidly growing digital and hard goods markets from a global perspective, and maintain a secure infrastructure for payment card transactions. The guide provides a recommended set of best practices to manage ecommerce risk. Some of these practices cover policies, procedures, and capabilities currently in place in the ecommerce merchant marketplace. Others are recommendations based on Visa's payment industry experience and key learnings from its Global Card-Absent initiative.