



Submission on Foreign Currency Conversion Services

October 2018





22 October 2018

The Australian Competition and Consumer Commission
232 Marcus Clarke Street
Canberra ACT 2601

RE: Submission on Supply of Foreign Currency Conversion Services

Dear Madam/Sir,

Visa Inc. ("Visa") welcomes the opportunity to provide a submission to the Australian Competition and Consumer Commission's inquiry on the supply of foreign currency conversion services.

About Visa

Visa is a global payments technology company that connects people, businesses, banks and governments in more than 200 countries and territories, enabling them to use digital currency instead of cash and cheques. At its core, Visa provides a secure environment for financial institutions to exchange value and enables them to provide payment services to their consumer and business customers. The services provided by Visa are a mix of interdependent services, none of which stand alone, but are part of the programs in which Visa's clients (usually financial Institutions and other financial service providers and fintechs) collaborate to produce a service sold by them to their clients.

Visa supports fair and open regulatory environments. We believe that the ongoing development of a safe, efficient, competitive and stable electronic payments system is essential to the growth and stability of the Australian economy. Electronic payments platforms, including Visa, contribute significantly to economic growth, development and the financial inclusion of all Australians.

Visa's perspectives on foreign currency conversion services

Being a B2B company, Visa does not set the fees that credit, debit or prepaid accountholders are charged on foreign transactions. Visa sets rates for currency conversion on international transactions between its issuing and acquiring clients worldwide. The currency conversion process is the same regardless of the type of Visa-branded product (e.g., Visa-branded credit, debit, and prepaid cards) and is designed to provide accountholders, through their banks, access to competitive currency exchange rates when compared to the range of other options available to them. Ultimately, an accountholder's bank determines the currency conversion rate used. The rate provided to the accountholder is typically the rate the accountholder's bank receives from Visa and any adjustments or fees charged by their bank. Pursuant to the Visa Rules, Visa sets its rates within the wholesale market range. No other Visa-related fees are added to the conversion rate.

Visa believes that transparency for accountholders in understanding the currency conversion rates and costs that they are likely to experience in making a cross-border transaction is vital. Visa's client contracts emphasise the importance of this transparency for accountholders. Visa-enabled currency conversion

provided by issuers operates on a deferred net settlement basis (the final currency conversion is not conducted until the time of transaction clearing, which can be more than 24 hours after a retail transaction).

We make every possible effort to ensure that accountholders have access to Visa's rates. Since approximately 2007, we have published our rates on Visa's public website. Visa also maintains a publicly-available online calculator (for Australia, refer to <https://www.visa.com.au/travel-with-visa/exchange-rate-calculator.html>), that indicates the rate that Visa sets for the applicable processing day for a transaction in a currency other than that in which a card was issued, subject to issuer practices. Although Visa does not prescribe the rate used by the issuer with their accountholder, the Visa Rules require the issuer to make complete written disclosures to the accountholder regarding any fees it may charge with respect to international transactions and/or currency conversion, as well as the currency conversion rate. Additionally, Visa's conversion rate should be declared on the accountholder statement.


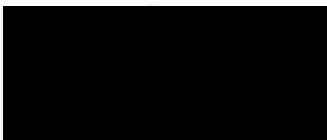
Dynamic Currency Conversion

Dynamic Currency Conversion (DCC) provides accountholders with the option of paying or withdrawing cash using a service that converts the transaction amount into an accountholder's home currency at the time of the transaction. It is a merchant-offered service that is provided by acquirers, or DCC agents, and is not a Visa service. Visa has some concerns about how DCC is implemented, and specifically, the potential for accountholders to inadvertently select, or worse still be misled into selecting, costlier currency conversion options. Fundamentally, Visa's concern is that accountholders may have an experience which is inconsistent with what they anticipated, if accountholders are being asked if they want to pay in their home currency, but are not aware of what that means for them, or whether there will be any additional charges.

Visa has sought to address this issue by requiring acquirers to provide choice to accept DCC and to disclose any DCC fees and the exchange rate that will be applied in DCC to the accountholder, so that they can make an informed choice. Despite the comprehensive requirements set out in the Visa Rules for businesses and acquirers who wish to offer DCC at the point of sale, full transparency for accountholders, and compliance with these requirements, might not always be available. Hence, not all accountholders will necessarily understand what DCC is or that DCC might involve additional fees or costs to them.

Visa appreciates the opportunity to share this information with the ACCC and is committed to assisting further in any way possible.

Yours faithfully,



Group Country Manager
Australia, New Zealand & South Pacific
Visa AP (Australia) Pty Ltd