Dynamic Currency Conversion Performance Guide

Helping Acquirers and Their DCC Service Providers to Offer an Optimal Cardholder Experience

MERCHANT VERSION

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1. INTRODUCTION

This section contains an overview of this guide and other available resources.

1.1 ABOUT THIS GUIDE

The purpose of this guide is to provide a high-level overview of **Mastercard point-of-interaction (POI) currency conversion**, otherwise known as **dynamic currency conversion (DCC)**, and the associated performance program. The Mastercard Standards refer to DCC and POI currency conversion interchangeably, where the POI reflects the location at which the transaction takes place (e.g., automated teller machine [ATM], internet [merchant website], or point-of-sale [POS] terminal).

1.2 NOT A *TRANSACTION PROCESSING RULES* REPLACEMENT

This guide does not serve as a replacement for the *Transaction Processing Rules* or any other Mastercard manual. For current details regarding Mastercard Standards, refer to the Mastercard manuals found on the **References** page of the **Technical Resource Center** application on **Mastercard Connect™** (www.mastercardconnect.com).

As Mastercard Standards and the DCC performance program are constantly evolving, refer to **Announcements** published by Mastercard in the **Technical Resource Center** application for upcoming changes to the Standards and DCC-related processes.

1.3 WHERE CAN I LEARN MORE?

Cardholders should contact their card issuer and merchants should contact their acquirer for assistance or additional information regarding DCC.

Issuers, acquirers, and service providers may contact the Mastercard POI Currency Conversion team via e-mail at poi_currency_conversion@mastercard.com.

The manuals in the following subsections provide vital information for DCC. They are available via the **References** page of the **Technical Resource Center** application on Mastercard Connect™.

1.3.1 *TRANSACTION PROCESSING RULES* MANUAL

Mastercard Standards on processing, terminal, and receipt requirements, and acceptance procedures, can be found in Section 3.8, "POI Currency Conversion", of the *Transaction Processing Rules* manual. In addition, model DCC screens and receipts and associated requirements can be found in Appendix F, "Signage, Screen, and Receipt Text Display", of the manual.

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1.3.2 MANUALS FOR TRANSACTION PROCESSING REQUIREMENTS AND DATA ELEMENTS

DCC transactions have specific processing requirements associated with **data element (DE) 54** (Amounts, Additional). The manuals listed in the table below provide information and DE definitions for different types of transaction messages.

Table 1: Location of Data Element Definitions in Mastercard Manuals

Manual Title and DE Definitions Chapter Number	Transaction Message Type
Customer Interface Specification **— Chapter 4**	Authorization messages sent via the Mastercard Dual Message System
IPM Clearing Formats **— Chapter 7**	Integrated Product Messages (IPM) clearing messages sent via the Mastercard Clearing System
Single Message System Specifications **— Chapter 4**	Financial Transaction messages sent via the Mastercard Single Message System

For additional information on DCC transaction processing requirements, refer to subsection 2.4, "Transaction Processing", of this guide.

1.3.3 *MASTERCARD SERVICE PROVIDER REGISTRATION GUIDE*

The *Mastercard Service Provider Registration Guide* provides information on the service provider registration process. Acquirers must register themselves and any DCC service providers with Mastercard prior to offering DCC. For more information about this requirement, refer to subsection 2.3, "Registration", of this guide.

1.3.4 OTHER USEFUL MANUALS

- *Authorization Manual*
- *Chargeback Guide*
- *Global Clearing Management System Reference Manual*
- *Mastercard Rules*
- *Quick Reference Booklet*
- *Settlement Manual*
- *Single Message System Settlement and Reports*

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2. DYNAMIC CURRENCY CONVERSION

Mastercard created this guide to help acquirers, DCC service providers, and merchants better understand the requirements and Standards of the DCC service and to clarify the steps they need to take to perform this service in accordance with Mastercard Standards.

2.1 DESCRIPTIONS AND PRINCIPLES

DCC is a service provided by acquirers and their merchants or ATM owners that allows a cardholder to choose to complete their cross-border transaction in either the **local currency** or **their billing currency** (i.e., the currency in which the card was issued). If the cardholder chooses to complete the transaction in the merchant's or ATM's local currency, the transaction amount will be converted using the exchange rate provided by their card issuer. If the cardholder chooses to complete the transaction in their card's billing currency, their account will be debited using the exchange rate offered by the acquirer.

DCC is not a Mastercard product or service. However, Mastercard has constructed a set of Standards and requirements for any acquirer, DCC service provider, merchant, or ATM owner offering DCC. These Standards ensure that the currency conversion process is transparent, and that all relevant information is available to the cardholder to allow them to make an informed decision.

Further, this transparency provides the following benefits:

- Helps prevent cardholder confusion or dissatisfaction during the purchasing process or upon viewing their account statement; and
- Instills cardholder confidence in the service and the Mastercard brand.

Therefore, there is an associated performance program that proactively monitors adherence to these Standards.

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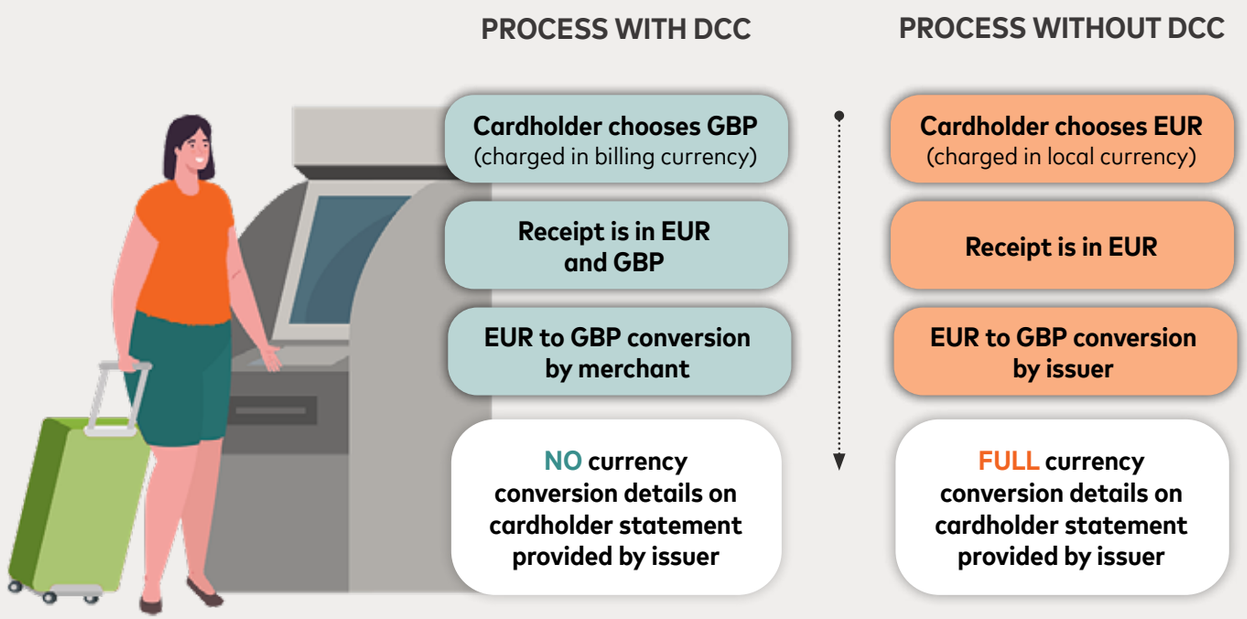
2.1.1 CROSS-BORDER TRANSACTION FLOW

This flowchart demonstrates the difference in the transaction flow when a cross-border transaction is processed with and without DCC.

British Tourist at a Merchant/ATM in Belgium

Two transaction options: The cardholder can choose whether to be charged in EUR (local currency) or GBP (billing currency).



2.2 BASIC REQUIREMENTS AS PER THE MASTERCARD STANDARDS

Before offering DCC to cardholders at any merchant or ATM location, the acquirer must:

1. **Register** themselves and any DCC service provider with Mastercard;
2. **Identify** DCC transactions and populate the pre-conversion currency and amounts in DE 54;
3. **Ensure** that screens and receipts meet our Standards. Prior to implementation, acquirers must share samples for approval at poi_currency_conversion@mastercard.com.

2.3 REGISTRATION

All acquirers that offer DCC at any of their merchant or ATM locations must register with Mastercard.

If an acquirer offers DCC in-house (without a third-party service provider) then the acquirer must register itself as its own DCC service provider in Mastercard Connect™ (My Company Manager>Manage Service Provider).

If an acquirer works with a third-party service provider to offer DCC, then the acquirer must register the service provider offering DCC on its behalf in Mastercard Connect™.

Other considerations:

- An acquirer does not need to register the merchant/ATM locations where DCC is offered;
- Registration is performed at the Customer ID (CID) level; therefore, it is not necessary to register individual ICA numbers, provided that the ICA numbers fall under the same CID;

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- The responsibility for fees remains with the acquirer, even in cases when it is using a service provider;
- Initial and renewal fees are charged per registration — regardless of whether an acquirer or service provider is the registree. An acquirer may register multiple service providers;
- Any of the ICA numbers under the registered CID that are set up for billing can be designated as the billing ICA number;
- Registration automatically renews in July of each year until the customer marks the service provider, or the DCC service, as terminated.

2.3.1 REGISTRATION PROCESS

Registration is completed through the **My Company Manager** application on Mastercard Connect™. Users must have **Business Administrator** access to add or modify a registration.

To **add a registration**, go to the **Related Companies** tab, click the **Manage Service Provider's** link, click **New**, and populate the Service Provider name, Billing number, and effective date (this date can be set in the future, but it cannot be backdated). Click **Next** and a list of services will display. Select **POI Currency Conversion/DCC** in the checklist of services provided and indicate the effective date associated with the selected service (by default this date is set to today).

To **modify a registration**, go to the **Related Companies** tab, click the **Manage Service Provider's** link, click the name of the Service Provider you want to manage, and click the **Services** tab. Click the **Add** button, then choose **POI Currency Conversion/DCC** from the list of available services. Adjust the **Effective Date** as necessary.

Step-by-step guides are available on Mastercard Connect™. The guides contain screenshots and videos.

2.4 TRANSACTION PROCESSING

When DCC is performed, transaction messages must contain an occurrence of DE 54 (Amounts, Additional) populated with the subfield information shown in the table below.

Table 2: DE 54 Subfield Descriptions

Subfield Number	Subfield Name	Purpose
2	**Additional Amount, Amount Type**	Indicates through a **value of 58** that DCC was performed on the transaction and that the other subfields in the DE 54 occurrence relate to the conversion details.
3	**Additional Amount, Currency Code**	Records the original, pre-conversion transaction currency code (i.e., the merchant's local currency). *NOTE*: DE 49 (Currency Code, Transaction) reflects the post-conversion transaction currency as chosen by the cardholder.
5	**Additional Amount, Amount**	Records the original, pre-conversion total transaction amount, inclusive of any fees, surcharges, or cash back, if applicable. *NOTE*: DE 4 (Amount, Transaction) reflects the post-conversion transaction amount in the currency chosen by the cardholder.

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2.5 DCC OFFER REQUIREMENTS

The following requirements apply when offering DCC:

1. No specific currency conversion method may be implemented as the default option;
2. The cardholder must not be required or encouraged (i.e., "steered") in any manner to use DCC;
3. The offer must be presented in a clear and neutral manner;
4. The cardholder's choice must be honored by all entities that offer DCC;
5. The offer must comply with all applicable cardholder disclosure requirements.

Additionally, the offer must comply with all applicable local laws and regulations.

In the case of any refunds, the refunds must be processed in the same currency used in the original transaction.

2.5.1 CARDHOLDER CONSENT

If the cardholder does not **explicitly choose** to have the transaction completed in their billing currency, it must be processed in the local currency. **DCC must not be applied without the cardholder's consent or selected in the cardholder's absence.** Automatic DCC is not permitted by Mastercard Standards.

Common examples of automatic DCC applied in different acceptance environments include but are not limited to:

- **Retail merchant** — DCC is automatically applied to the transaction either by improper terminal software specifications or because the merchant chooses DCC on the cardholder's behalf;

CASE STUDY

Process DCC Refunds Accurately to Avoid Conversion Losses

Scenario: *I chose to use DCC when making a purchase. However, my card was charged a significantly higher amount than the payment amount disclosed to me during checkout. When I canceled the purchase, the refund was not made in the same currency, resulting in a second conversion loss.*

Issue: *Incorrect refund processing.*

Mastercard Standards are in place to ensure cardholders are properly reimbursed and do not suffer a loss due to a second currency conversion expense. In this scenario, the refund was incorrectly processed in a different currency from the original transaction currency.

Resolution: Refunds for DCC transactions must be processed as one of the following:

- A reversal;
- A credit in the DCC currency and amount, matching the original transaction;
- A credit with DCC applied at the exact exchange rate as the original transaction.

If a cardholder suffers a loss due to currency conversion, they have a chargeback right for the loss amount. Please refer to the *Chargeback Guide* for further information.

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- **E-commerce** — DCC is applied to an internet transaction because the option to opt out is either unclear or nonexistent;
- **ATM** — An ATM offers DCC to a cardholder but only gives the option to accept or cancel, or the ATM does not process the transaction according to the cardholder's choice due to incorrect software specifications;
- **Car rental merchant** — DCC is automatically applied without informing the cardholder. The information about DCC is not clearly identified or is hidden in the car rental paperwork;
- **Hotel** — A hotel offers DCC to a cardholder using an advice slip on which the cardholder is asked to write a check mark next to their currency choice. However, the merchant does not respect the cardholder's choice and instead performs a "back office" DCC transaction.

2.5.2 PREVENTING CARDHOLDER INFLUENCING OR STEERING

To ensure that the cardholder has an opportunity to equally weigh the options available:

- The cardholder must be clearly advised of the option of completing their transaction in **either** the local currency or the billing currency.

  NOTES: Presenting the options without **offer wording** does not clearly introduce the service to the cardholder and is not sufficient to inform them about the choice that they are being offered.

  The offer wording is a clear message advising the cardholder of their choice to complete the transaction in either the local currency or the cardholder's billing currency. This wording must be placed prominently on the screen of the cardholder's POI.

- The currency options must be presented equally in manner and prominence.
- The DCC offer wording must not use confusing, biased, or misleading language or formatting.

Prohibited practices regarding cardholder influencing or steering include, but are not limited to, the examples below:

- The cardholder must not be asked to select "yes" or "no", "accept" or "decline", "continue" or "cancel", or similar pairs of positive and negative options;
- The offer must not single out DCC as the only option or be phrased as a yes-or-no question;
- Currency selection must not use "traffic lighting" color patterns, such as red and green buttons;
- The terminal must not highlight or preselect the DCC option;
- The terminal must not use language that misrepresents or may draw false conclusions about the issuer's conversion process, such as implying that the issuer's conversion will add fees or unexpected conversion charges, or otherwise;
- DCC must not be presented as the more favorable option;
- After the cardholder chooses the local currency, a second screen must not appear to offer the option to accept the DCC conversion once again;
- Currency conversion options must not be misrepresented as being provided by Mastercard.

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2.5.3 CARDHOLDER DISCLOSURE

Before an authorization or preauthorization request for the transaction is submitted, and before the cardholder is asked to make their currency selection, the cardholder must be informed of all the following:

- Their right to choose the currency in which the transaction will be completed;
- The transaction amount in the local currency;
- The transaction amount in the billing currency;
- The currency conversion rate to be applied if the transaction is completed in the billing currency; and
- Any other fee that can be charged if the cardholder selects DCC (for example, commission, value added tax [VAT], etc.).

The merchant or terminal operator must also comply with any additional cardholder disclosure requirements that apply to the acceptance environment.

All information and instructions must be provided in English or in the cardholder's native language.

2.5.3.1 ATTENDED ACCEPTANCE ENVIRONMENTS

At an attended POS terminal, the cardholder disclosure requirements may be fulfilled via one of these methods:

- Cardholder-facing terminal;
- Advice slip (i.e., a hard copy DCC offer, typically printed by the register connected to the terminal); or
- Verbally by the merchant.

If the offer is presented on multiple or scrolling screens, the screen flow must **require** the cardholder to **view all of the required cardholder disclosure** elements **before** the currency selection options are presented to the cardholder.

CASE STUDY

Prevent Currency Mistakes by Using Accurate BIN Data

Scenario: *I made an ATM withdrawal while traveling, and DCC was applied without my knowledge. Additionally, the transaction was converted to the wrong currency instead of my card's billing currency. This resulted in double conversion, which caused a financial loss.*

Issues: *Automatic DCC; Incorrect identification of cardholder billing currency.*

When a DCC transaction is converted to the wrong currency, this is most commonly an indication that the acquirer or DCC provider is not using up-to-date bank identification number (BIN) tables sourced from Mastercard. This can cause the cardholder's billing currency to be misidentified.

Resolution: Acquirers must regularly update and maintain accurate BIN account range information using files sourced from Mastercard. Furthermore, they must ensure that all downstream entities, such as DCC service providers and merchant/ATM systems, are also using the current files.

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2.5.3.2 UNATTENDED ACCEPTANCE ENVIRONMENTS

All unattended acceptance environments must display the following standard **cardholder disclosure disclaimer message** to the cardholder, **verbatim**, before an authorization or preauthorization request for the transaction is submitted, and before the cardholder is asked to make their currency selection:

"Make sure you understand the costs of currency conversion as they may be different depending on whether you select your home currency or the transaction currency."

2.5.4 TRANSACTION RECEIPTS

If a cardholder chooses to complete a transaction using DCC, the transaction receipt must disclose each of the following:

- Total transaction amount in the local currency;
- Total transaction amount in the converted currency as agreed to by the cardholder;
- Currency symbol or code of each; and
- Currency conversion rate used for the transaction.

While Mastercard does not have a standard disclaimer for transaction receipts, the acquirer may add its own disclaimers at its discretion. When added, a disclaimer must:

- Not reference Mastercard; and
- Not discourage a cardholder from disputing a currency conversion that was performed without consent.

In the Europe region, if an ATM terminal is unable to print a receipt due to, but not limited to, being out of paper or a machine malfunction, the cardholder must be advised that a printed receipt is not available before the transaction takes place.

Table 3: DCC Offer Requirements in Different Unattended Acceptance Environments

Acceptance Environment	DCC Offer Requirements
POS Terminal	If an unattended POS terminal cannot comply with the cardholder disclosure requirements, the merchant must satisfy the requirements by some alternative means to ensure that the cardholder understands the DCC offer before being asked to make their currency selection. *NOTE*: An unattended POS terminal is an environment in which the cardholder completes a purchase for a product or service without an interaction with a cashier or other merchant staff member.
ATM Terminal	ATM owners and acquirers must ensure that all pertinent transaction details are clearly displayed to the cardholder both on the screen and on the receipt. A cash withdrawal without a printed receipt at an ATM terminal is only allowed if the device is out of paper. An exception to this requirement is in the Europe region where ATM terminals **without receipt printing capability** are not required to offer a DCC receipt. When a printed receipt is not available, the cardholder must be advised **prior to the transaction** taking place.
E-commerce and Mobile	**During the checkout process**, the merchant's website or application must clearly and prominently provide all of the required cardholder disclosure elements listed in subsection 2.5.3 of this guide before asking the cardholder to make their currency selection. When DCC is offered for an e-commerce transaction, a currency conversion option may be preselected by the DCC service provider. However, the cardholder must be clearly given the means to opt out of the currency conversion during the checkout process and pay in the local currency.

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2.6 DCC PROHIBITIONS

DCC must not be offered on:

- **Contactless transactions** at or below the applicable cardholder verification method (CVM) limit, as DCC is not consistent with the convenient nature of contactless payments;
- Mastercard or Maestro **prepaid travel cards** or **debit multi-currency cards**. These cards are issued in one or more foreign currencies of the cardholder's choice, which allows use in the local currency when traveling abroad. Performing DCC on these cards results in the transaction amount being converted multiple times, thereby negating the cards' purpose;
- **Mastercard Enterprise Solution Wholesale Travel Program (MWP)** account ranges, as they are single-use virtual accounts used exclusively for business-to-business (B2B) payments and generated in the intended currency.

CASE STUDY

DCC Exclusions on Prepaid Travel Cards

Scenario: *I have a prepaid travel card, and I loaded it with the currency of the country that I was going to visit. When I tried to make a cash withdrawal in the local currency while on my trip, the ATM offered me DCC, even though my card was denominated in the local currency and there was no need for conversion.*

Issue: *Applying DCC on cards that support the local currency.*

DCC must not be offered on prepaid travel cards, issued in single or multiple foreign currencies, or on debit multi-currency cards. Offering DCC negates the benefit to the cardholder of locking in the exchange rate at the time of load and the convenience of selecting their intended currencies beforehand. The offering of DCC on these types of cards results in the transaction amount going through multiple conversions before being deducted from the card's account balance.

Resolution: Acquirers and DCC providers must only offer DCC for account ranges that allow DCC. All excluded prepaid travel and debit multi-currency account ranges can be identified using the currency indicator in the Mastercard BIN tables starting with Release 20.Q2.

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3. DCC PERFORMANCE MONITORING

This section outlines the performance monitoring process, including the structure and requirements of the associated performance programs and cardholder complaints.

3.1 THE ENHANCED EUROPEAN DCC PERFORMANCE PROGRAM

Mastercard introduced the Enhanced European DCC Performance Program to provide a consistent and structured performance approach.

This program applies to:

- Single European Payments Area (SEPA) countries
- Albania
- Bosnia and Herzegovina
- Kosovo
- North Macedonia
- Moldova
- Montenegro
- Serbia
- Turkey
- Ukraine

The goals of the performance program are to:

- Support DCC implementation;
- Ensure adherence to Mastercard Standards;
- Improve the cardholder experience; and
- Support the expansion of acquirers', merchants', and ATM owners' DCC business.

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3.2 THE GLOBAL POI CURRENCY CONVERSION PERFORMANCE PROGRAM

Mastercard introduced the Global POI Currency Conversion Performance Program to support DCC activities at a global level. This program covers all countries not included in the Enhanced European DCC Performance Program.

Table 5: Potential Standards Violations and Assessment Implications

Deviating Activity	Standard Violation	Standard Summary	Potential Assessment
Registration Failure	Section 5.9, "Transaction Currency Information", of *Mastercard Rules*	Prior to acquiring transactions on which POI currency conversion has been performed, an acquirer must first register its intent to do so with Mastercard.	Category A (Payment System Integrity) Up to USD 25,000 per violation
Data Integrity Failure	Section 3.8.4, "Transaction Processing Requirements", of *Transaction Processing Rules*	The POI currency conversion indicator, pre-conversion currency, and amount must be provided in DE 54 of Financial Transaction/0200 messages and First Presentment/1240 messages.	Category A Up to USD 25,000 per violation
Merchant Test Failure	Section 3.8, "POI Currency Conversion", of *Transaction Processing Rules*	When POI currency conversion is offered, the transaction currency is the currency selected by the cardholder at the POS terminal, ATM terminal, or bank branch terminal. The cardholder must be provided with the exchange rate and the transaction amount in the local and billing currencies, and the cardholder must not be required or encouraged (i.e., "steered") in any manner to use POI currency conversion.	Category B (Visible to Customers) Up to USD 20,000 per violation

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3.3 MARKET AUDITING AND MONITORING

To ensure that DCC is deployed in accordance with the applicable Standards, an independent, external organization conducts extensive auditing on behalf of Mastercard through "mystery shopping".

The audit primarily, but not exclusively, focuses on:

- Choice and transparency for the cardholder;
- Absence of default conversion;
- Screen clarity as per Mastercard Standards; and
- Accuracy in transaction messages.

Any location for which Mastercard has previously received a **cardholder complaint** may be included for further investigation in an upcoming audit.

3.4 EFFECTIVE IMPLEMENTATION OF ANY CORRECTIVE PLANS

Any issues encountered during the audit will be communicated to the acquirer, and they will need to develop a corrective plan to be agreed upon with Mastercard. The corrective action plan will be considered successful when the actions in the plan have been implemented and confirmed.

CASE STUDY

Using Automatic DCC Without Cardholder Knowledge

Scenario: *While visiting continental Europe from London, I paid for dinner at a restaurant using my card. The wait staff brought a portable terminal to my table, inserted my card, and handed it to me to enter my PIN. After entering my PIN, I returned the terminal to the wait staff who pressed a few more buttons and then gave me the receipt. To my surprise, I noticed I had been charged in GBP instead of EUR. When I asked the wait staff to reverse and correct the transaction, they didn't know how to do it.*

Issues: *Automatic DCC; Insufficient merchant training on DCC.*

This situation is a common cardholder complaint and highlights the issue of **automatic DCC**, which is when DCC is performed without the cardholder's knowledge. This issue is frequently observed during merchant audits and is not permitted under Mastercard Standards. Furthermore, this scenario reminds us of the importance of proper merchant training on DCC.

Resolution: The cardholder's PIN provides confirmation and approval of the transaction. Therefore, it must always be the last step in the transaction process, following the cardholder's choice of currency.

The terminal screen must clearly state the option of DCC and prompt the cardholder to choose either the local currency or their billing currency. Additionally, merchants must be trained on the importance of offering a currency choice to cardholders and the procedures to void sales when requested by the cardholder as needed.

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3.5 CARDHOLDER COMPLAINTS

A cardholder may raise a complaint (directly to Mastercard or to their issuing bank) about the DCC process when DCC is performed without the cardholder's consent or if they have not been made fully aware of any of the following:

- Choice of currency;
- Transaction amount in both currencies; or
- Exchange rate.

When a complaint is received, Mastercard investigates the complaint and then notifies the acquirer of the initial findings. The acquirer must respond within the set timeframe and provide all the information requested by Mastercard. Where appropriate, the acquirer will be asked to take action to remedy the complaint.

Once confirmation has been received from the acquirer that the complaint has been addressed at the merchant and/or ATM owner level, Mastercard's auditing team will test the acquirer's corrective actions to ensure that the merchant's and/or ATM owner's performance is in accordance with Mastercard Standards.

3.6 CARDHOLDER CHARGEBACK RIGHTS

If a cardholder complains that they were not given a currency choice for a DCC transaction, or DCC was otherwise performed incorrectly, the issuer has a chargeback right against the acquirer.

For further details regarding this right, refer to the **Point-of-Interaction Error** section in the Dual Message System Chargebacks chapters of the *Chargeback Guide*.

CASE STUDY

Understanding Cardholder Chargeback Rights

Scenario: *I booked a hotel online two months ago. Upon arrival, I received a receipt showing that the hotel had used DCC and chose GBP instead of the local currency without my consent. This wasn't the first time it happened; various retailers had done the same during my travels. The receipts always stated, "I understand I have been offered a choice of currencies and this choice is final," which discouraged me from disputing the charges.*

Issues: *Automatic DCC; Lack of cardholder knowledge of the complaints process and their chargeback rights; Incorrect/misleading receipt disclaimer information.*

Automatic DCC is not permitted by Mastercard Standards, and cardholders have **chargeback rights** when DCC is applied without their consent or performed incorrectly. Misleading statements like "choice is final" can intimidate cardholders into believing they cannot dispute the charges.

Resolution: Acquirers, merchants, and ATM owners must offer choice to the cardholder for what currency to use. They should not add disclaimer language on receipts that discourages cardholders from exercising their right to dispute incorrectly applied DCC charges.

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4. SCREEN AND RECEIPT GUIDANCE

This section contains guidance on requirements for implementing DCC screens and receipts in accordance with Mastercard Standards.

The examples in subsections 4.1.1, "Requirements", and 4.1.2, "Unacceptable Screen Elements", cover both POS and ATM acceptance environments. The requirements apply equally across **all acceptance environments**, with the exception of the standard cardholder disclosure disclaimer which is not required for attended POS terminals.

EXAMPLES OF SCREEN AND RECEIPT ELEMENTS

Click on the links below for examples:

1. **ATM Screens** that **meet** Mastercard Standards;
2. **POS Screens** that **meet** Mastercard Standards;
3. **E-Commerce Screen** that **meets** Mastercard Standards;
4. **ATM Screens** that **do not meet** Mastercard Standards;
5. **POS Terminals** that **do not meet** Mastercard Standards;
6. **E-Commerce Screen** that **does not meet** Mastercard Standards;
7. **Advice Slip** that **meets** Mastercard Standards;
8. **ATM Transaction Receipt** that **meets** Mastercard Standards;
9. **POS Transaction Receipt** that **meets** Mastercard Standards;
10. **Transaction Receipt** that **does not meet** Mastercard Standards.

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4.1 TERMINAL SCREENS

When DCC is offered via a terminal screen interface in any acceptance environment, the screen must present all of the required cardholder disclosure information in a clear and neutral manner.

4.1.1 ACCEPTABLE SCREEN ELEMENTS

Below are examples of screen elements that meet Mastercard Standards. These examples are provided for **illustration purposes only**.

In the case of an attended POS terminal DCC offer, the merchant must proactively offer the DCC screen to the cardholder.

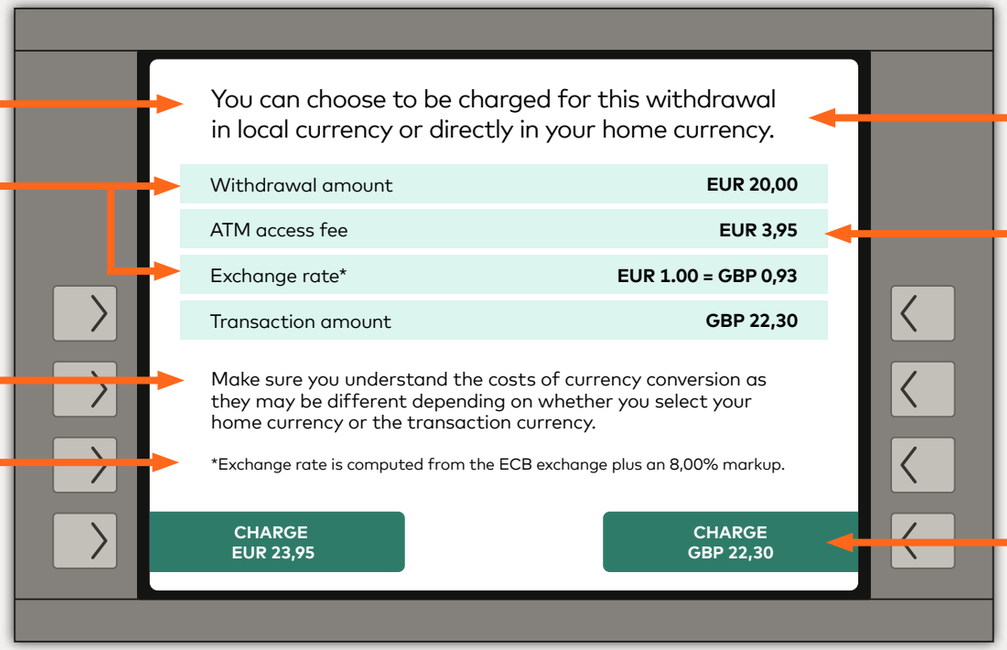
Figure 1A: Examples of ATM Screens That MEET Mastercard Standards

All information is presented in English or in the cardholder's native language.

Amounts in local and billing currencies are displayed, as well as the exchange rate being used.

Standard cardholder disclosure disclaimer for unattended terminals is exactly word-for-word as written in the *Transaction Processing Rules* manual.

Exchange rate markup disclosed as a comparison over the European Central Bank (ECB) rate where required.



Offer wording clearly informs cardholder of a choice between two options without bias toward either option.

Any applicable fees and markups are clearly disclosed.

NOTE: A markup is a commercial agreement between an acquirer and a merchant/ATM owner, and it does not necessarily reflect a comparison to market exchange rates. However, local regulations in some areas may require comparison to central bank exchange rates

Cardholder is given two positive options using separate and equivalent buttons that are clear and consistent with the rest of the screen.

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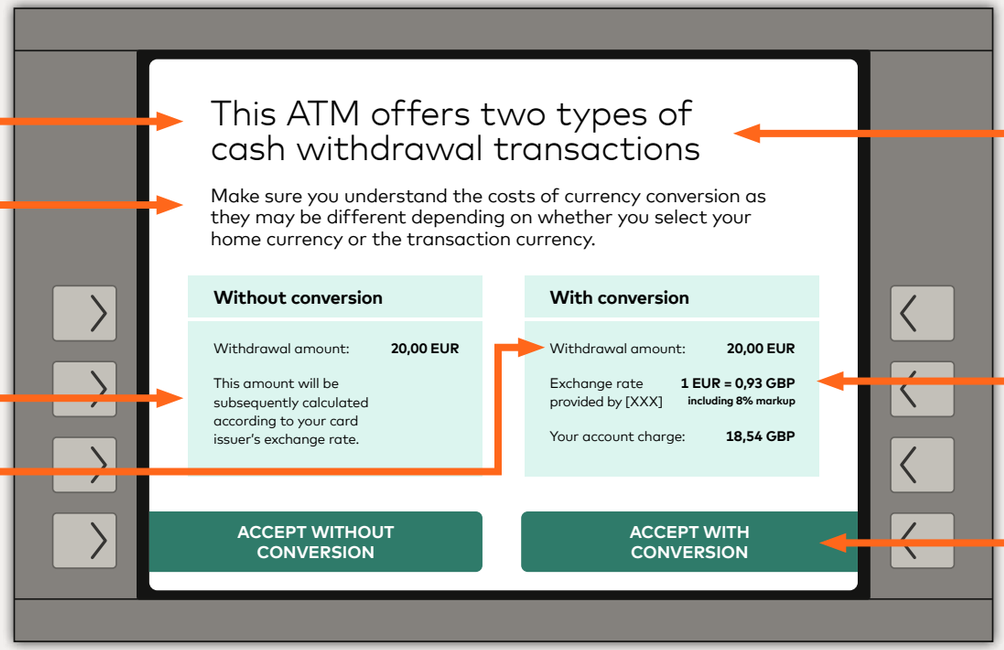
Figure 1B: Examples of ATM Screens That MEET Mastercard Standards

All information is presented in English or in the cardholder's native language.

Standard cardholder disclosure disclaimer for unattended terminals is exactly word-for-word as written in the *Transaction Processing Rules* manual.

Additional information provides increased clarity to cardholders.

Amounts in local and billing currencies are displayed, as well as the exchange rate being used.



Offer wording clearly informs cardholder of a choice between two options without bias toward either option.

Any applicable fees and markups are clearly disclosed.

NOTE: A markup is a commercial agreement between an acquirer and a merchant/ATM owner, and it does not necessarily reflect a comparison to market exchange rates. However, local regulations in some areas may require comparison to central bank exchange rates

Cardholder is given two positive options using separate and equivalent buttons that are clear and consistent with the rest of the screen.

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Figure 2: Examples of POS Terminal Screens that MEET Mastercard Standards

Cardholder is clearly asked to choose a currency.

Amounts in local and billing currencies are displayed, as well as the exchange rate being used.

Cardholder is given two positive options using separate and equivalent choices that are clear and consistent with the rest of the screen.

Options are mapped to neutral keys on the terminal.

Cardholder is clearly asked to choose a currency.

Cardholder is given two positive options using separate and equivalent choices that are clear and consistent with the rest of the screen.

Options are mapped to neutral keys on the terminal.

Amounts in local and billing currencies are displayed, as well as the exchange rate being used.

Any applicable fees and markups are clearly disclosed.

NOTE: A markup is a commercial agreement between an acquirer and a merchant/ATM owner, and it does not necessarily reflect a comparison to market exchange rates. However, local regulations in some areas may require a comparison to central bank exchange rates.

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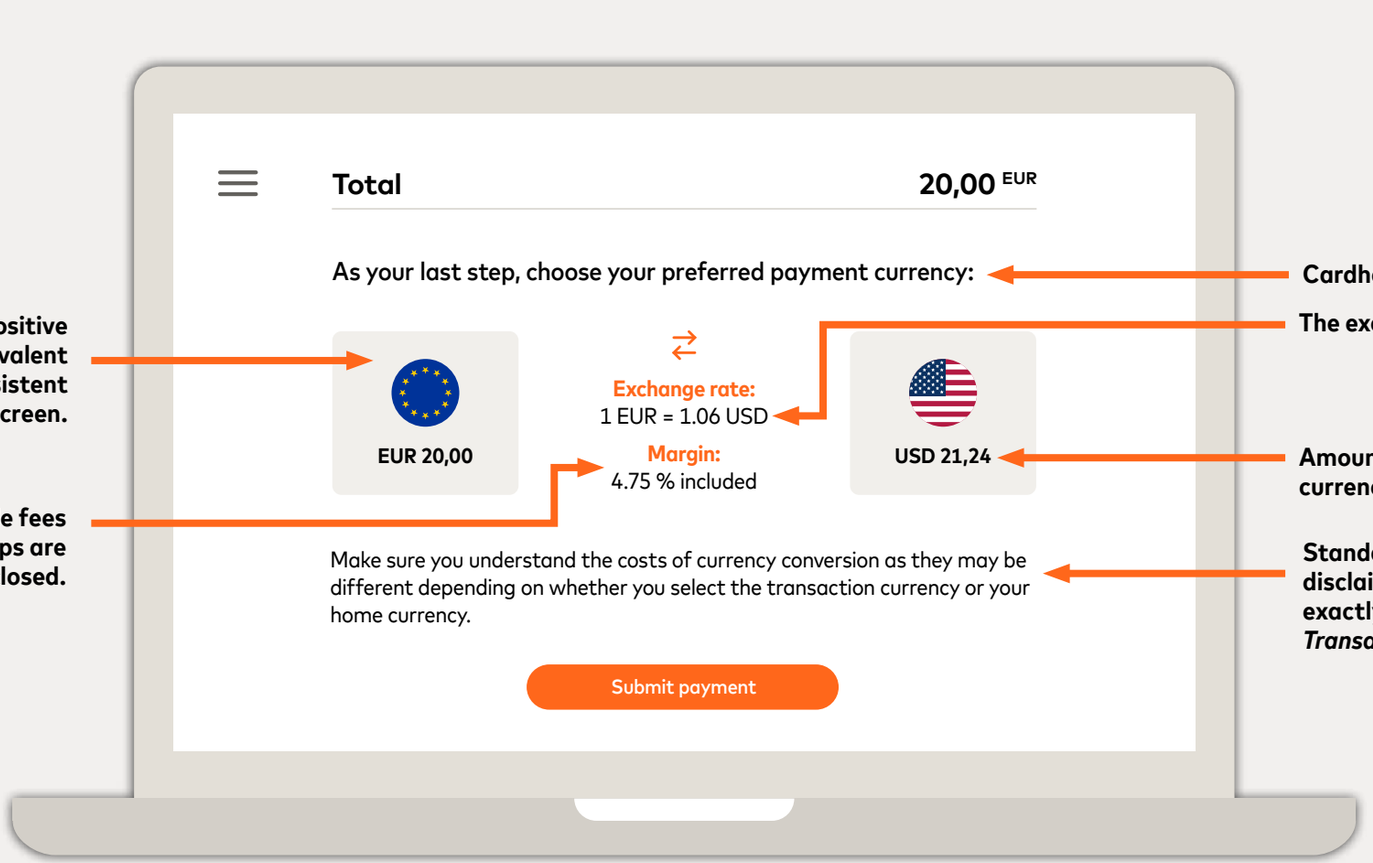
Figure 3: Example of an E-commerce Screen That MEETS Mastercard Standards



Cardholder is given two positive options using separate and equivalent buttons that are clear and consistent with the rest of the screen.

Any applicable fees and markups are clearly disclosed.

Cardholder is clearly asked to choose a currency.

The exchange rate used is displayed.

Amounts in local and billing currencies are displayed.

Standard cardholder disclosure disclaimer for unattended terminals is exactly word-for-word as written in the *Transaction Processing Rules* manual.

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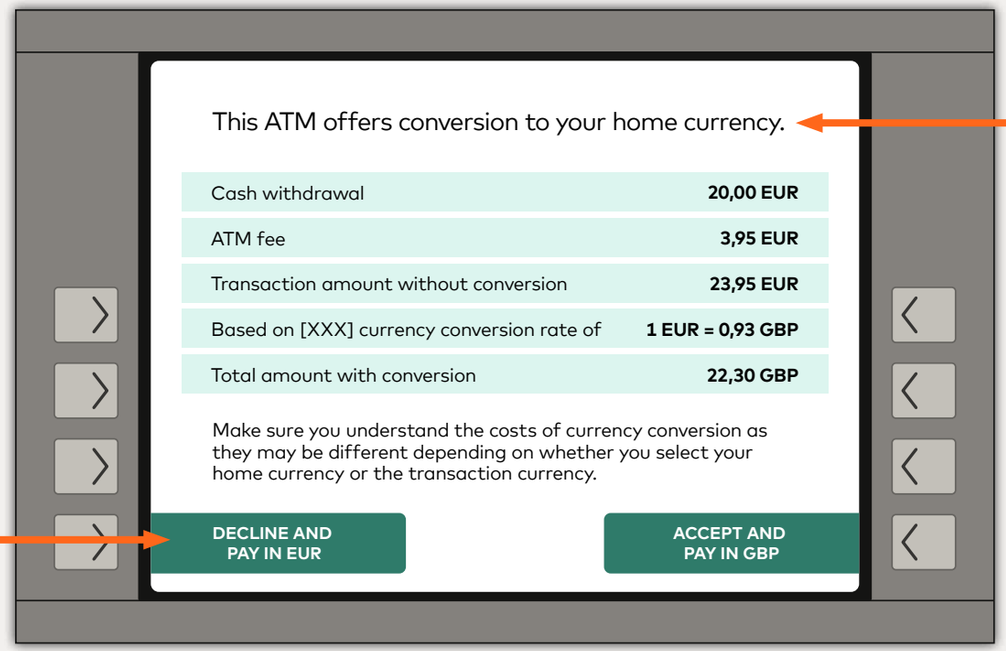
4.1.2 UNACCEPTABLE SCREEN ELEMENTS

Below are examples of screen elements that do not meet Mastercard Standards and would be identified as audit failures. These examples apply equally across **all acceptance environments** and are not comprehensive of all types of performance issues or violations of Mastercard Standards.

Figure 4A: Examples of ATM Screens That DO NOT MEET Mastercard Standards



Offer wording singles out DCC as the only option, instead of giving cardholder the option to pay in either local currency or cardholder's billing currency.

NOTE: This practice is considered leading, and the cardholder is not sufficiently informed by the presence of the option buttons alone.

Presents the decision as positive/negative choices, such as "yes/no", "accept/decline", "continue/cancel", or similar pairs of options.

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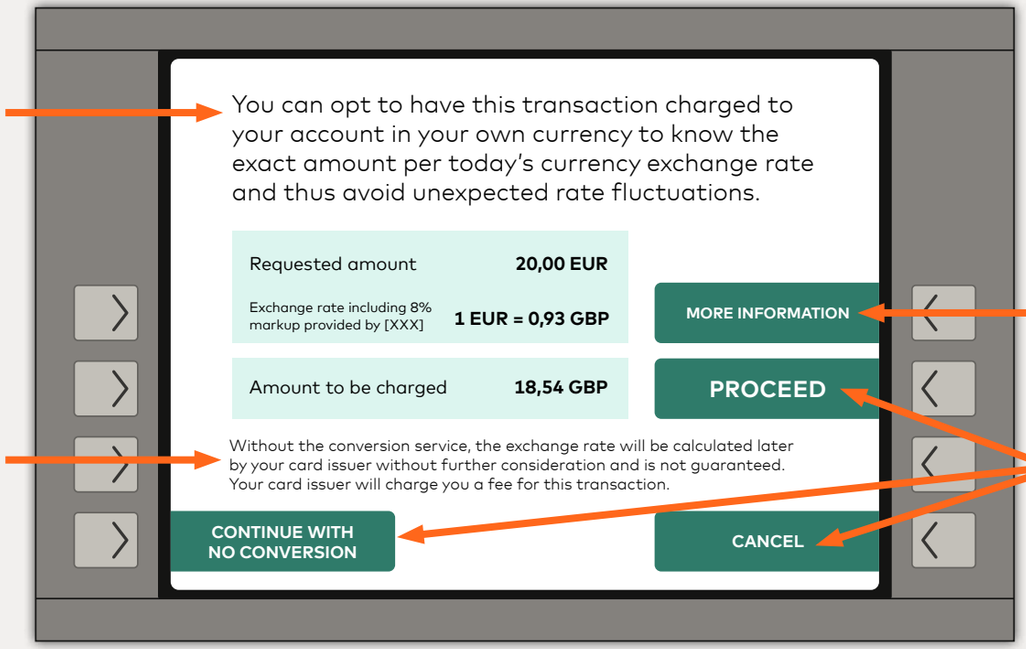
Figure 4B: Examples of ATM Screens That DO NOT MEET Mastercard Standards

Offer promotes DCC and is not presented in a neutral manner.

Presumptive of issuer's conversion process and represents it negatively.



Disclaimer is hidden on another screen.

Confusing layout — options are not placed in an equally prominent manner.

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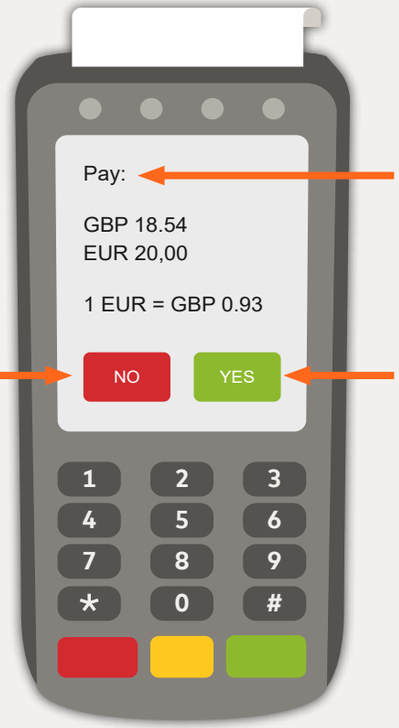
Figure 5A: Examples of POS Terminals That DO NOT MEET Mastercard Standards

DCC option is preselected or highlighted.



Does not have clear offer wording.

NOTE: Presenting the options without context does not sufficiently inform the cardholder.

Presents the decision as positive/negative choices, such as "yes/no", "accept/decline", "continue/cancel", or similar pairs of options.

Uses red and green "traffic lighting" color pattern buttons.

NOTE: Choices also cannot be mapped to physical red and green or cancel/continue buttons on the terminal.

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Figure 5B: Examples of POS Terminals That DO NOT MEET Mastercard Standards

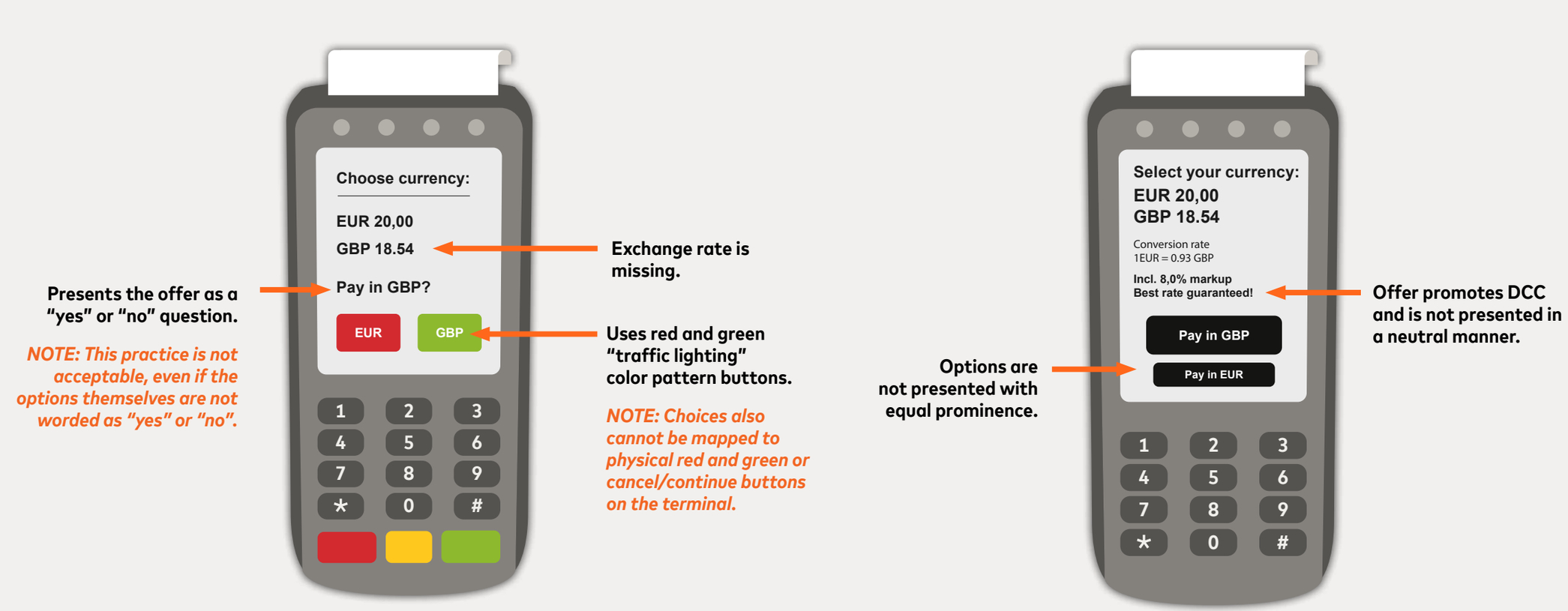

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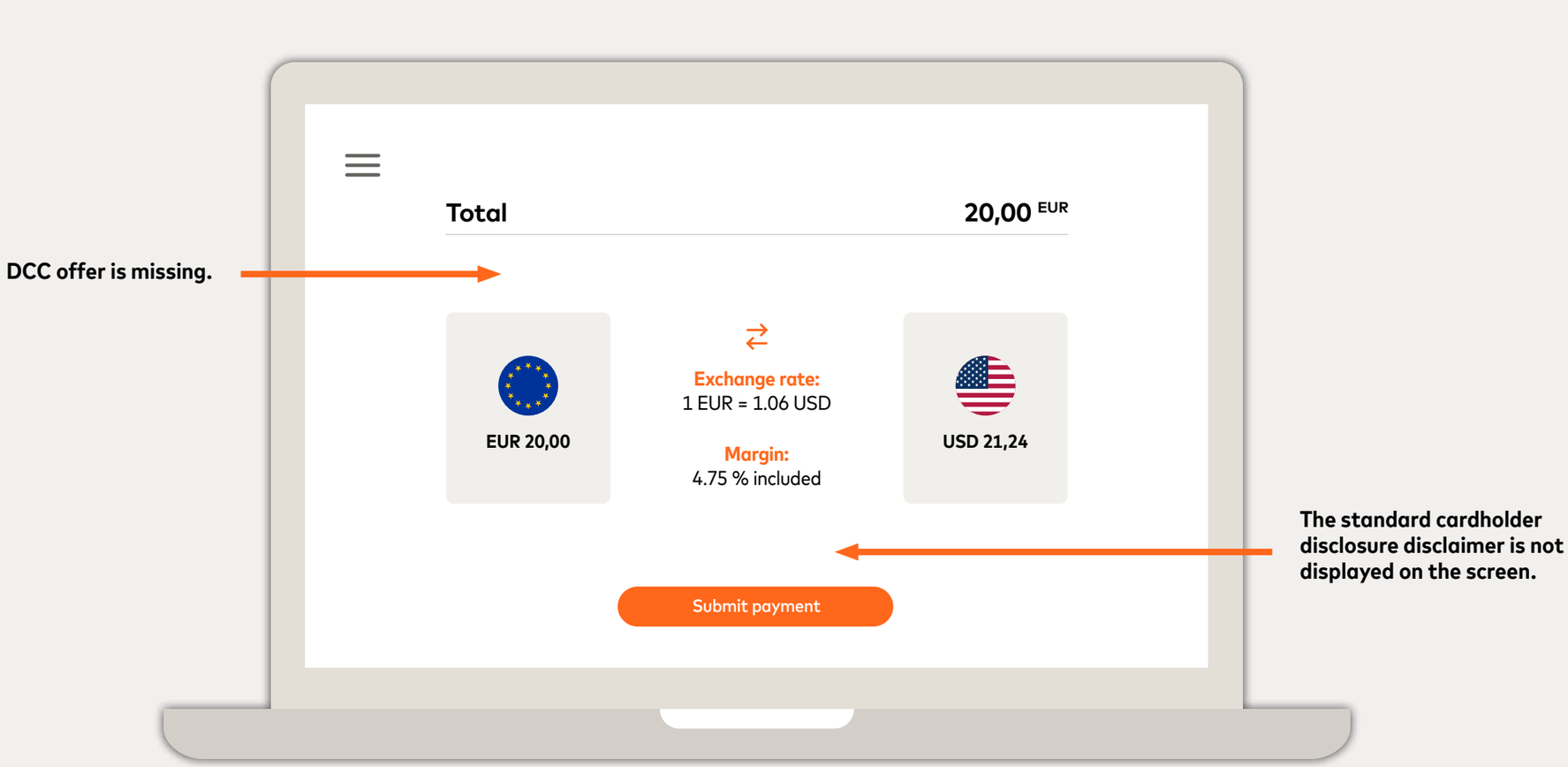
Figure 6: Example of an E-commerce Screen That DOES NOT MEET Mastercard Standards



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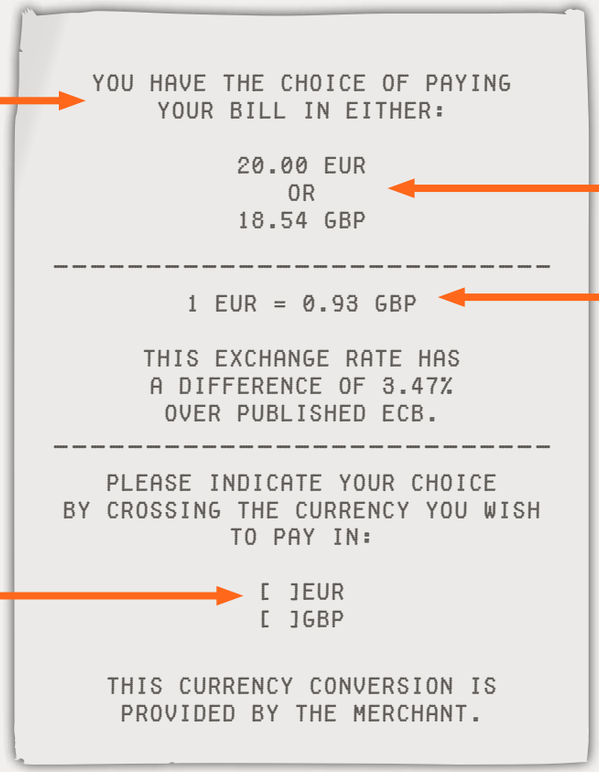
4.2 ADVICE SLIPS

If hard copy advice slips are used, they must contain the same details as a terminal screen offer, such as the elements illustrated below. Refer to subsection 5.2.3, "Advice Slips", of this guide for more information.

Figure 7: Example of an Advice Slip That MEETS Mastercard Standards

All information is presented in English or in the cardholder's native language.



Amounts in local and billing currencies are displayed.

The exchange rate is displayed.

NOTES: Any additional fees or markups must be disclosed, if applicable. A markup is a commercial agreement between an acquirer and a merchant/ATM owner, and it does not necessarily reflect a comparison to market exchange rates. However, local regulations in some areas may require a comparison to central bank exchange rates.

Cardholder is given two positive options using separate and equivalent choices that are clear and consistent with the rest of the slip.

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4.3 TRANSACTION RECEIPTS

The cardholder must receive a receipt confirming the details of the transaction, regardless of whether they select DCC. If DCC was applied, the receipt must include the total transaction amount in each currency, the currency codes or symbols, and the exchange rate.

Mastercard does not have a standard disclaimer for transaction receipts. The acquirer may add its own disclaimers at its discretion. When added, a disclaimer must:

- Not reference Mastercard; and
- Not discourage a cardholder from exercising chargeback rights.

Figure 8: Example of an ATM Transaction Receipt That MEETS Mastercard Standards

Original transaction amount in the local currency and the final amount charged in the billing currency are recorded.

Any applicable fees and markups are clearly disclosed.

NOTE: A markup is a commercial agreement between an acquirer and a merchant/ATM owner, and it does not necessarily reflect a comparison to market exchange rates. However, local regulations in some areas may require a comparison to central bank exchange rates.

Exchange rate applied to the transaction is displayed.

Disclaimer does not reference Mastercard.

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Figure 9: Example of a POS Transaction Receipt That MEETS Mastercard Standards

Original transaction amount in the local currency and the final amount charged in the billing currency are recorded.

Any applicable fees and markups are clearly disclosed.

Exchange rate applied to the transaction is displayed.

NOTE: A markup is a commercial agreement between an acquirer and a merchant/ATM owner, and it does not necessarily reflect a comparison to market exchange rates. However, local regulations in some areas may require a comparison to central bank exchange rates.

Disclaimer does not reference Mastercard.

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Figure 10: Example of a Transaction Receipt That DOES NOT MEET Mastercard Standards

Disclaimer references Mastercard.

NOTE: Mastercard does not perform currency conversion; this statement is incorrect. Mastercard must not be mentioned in reference to DCC.

ABC BANK

DATE 11/11/2024 TIME 12:30 TERMINAL 123456

LOCATION NO: *********
CARD NO: **********1234

WITHDRAWAL: 20.00 EUR
ACCESS FEE: 3.95 EUR
TOTAL: 23.95 EUR

MARKUP OVER EXCHANGE RATE: 8.0%
EXCHANGE RATE: 1 EUR = 0.93 GBP
TRANSACTION AMOUNT: 22.30 GBP

I HAVE CHOSEN NOT TO USE THE MASTERCARD CURRENCY CONVERSION PROCESS, AND I WILL HAVE NO RECOURSE AGAINST MASTERCARD CONCERNING THE CURRENCY CONVERSION OR ITS DISCLOSURE.

Cardholder is discouraged from exercising chargeback rights.

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5. CARDHOLDER EXPERIENCE GUIDANCE

The most important aspect of DCC is cardholder choice — the cardholder must be presented with appropriate options and not be forced to accept DCC by default.

Merchants offering DCC must abide by the core principles of clear choice and transparency, including all of the cardholder disclosure requirements described in subsection 2.5.3, "Cardholder Disclosure", of this guide.

5.1 MERCHANT TRAINING

Acquirers must ensure that:

- New merchants starting to offer DCC understand the requirements of offering this service and apply them systematically; and
- Staff at existing DCC merchants are regularly trained and retrained to stay up-to-date on these requirements.

In addition, merchants may be trained to proactively offer DCC in a neutral, transparent manner.

Merchants must integrate DCC training into their staff orientation processes and ensure that a train-the-trainer program is established for merchants with high staff turnover (e.g., retail) to ensure operational continuity.

Mastercard encourages acquirers to conduct their own mystery shopping tests of their merchants.

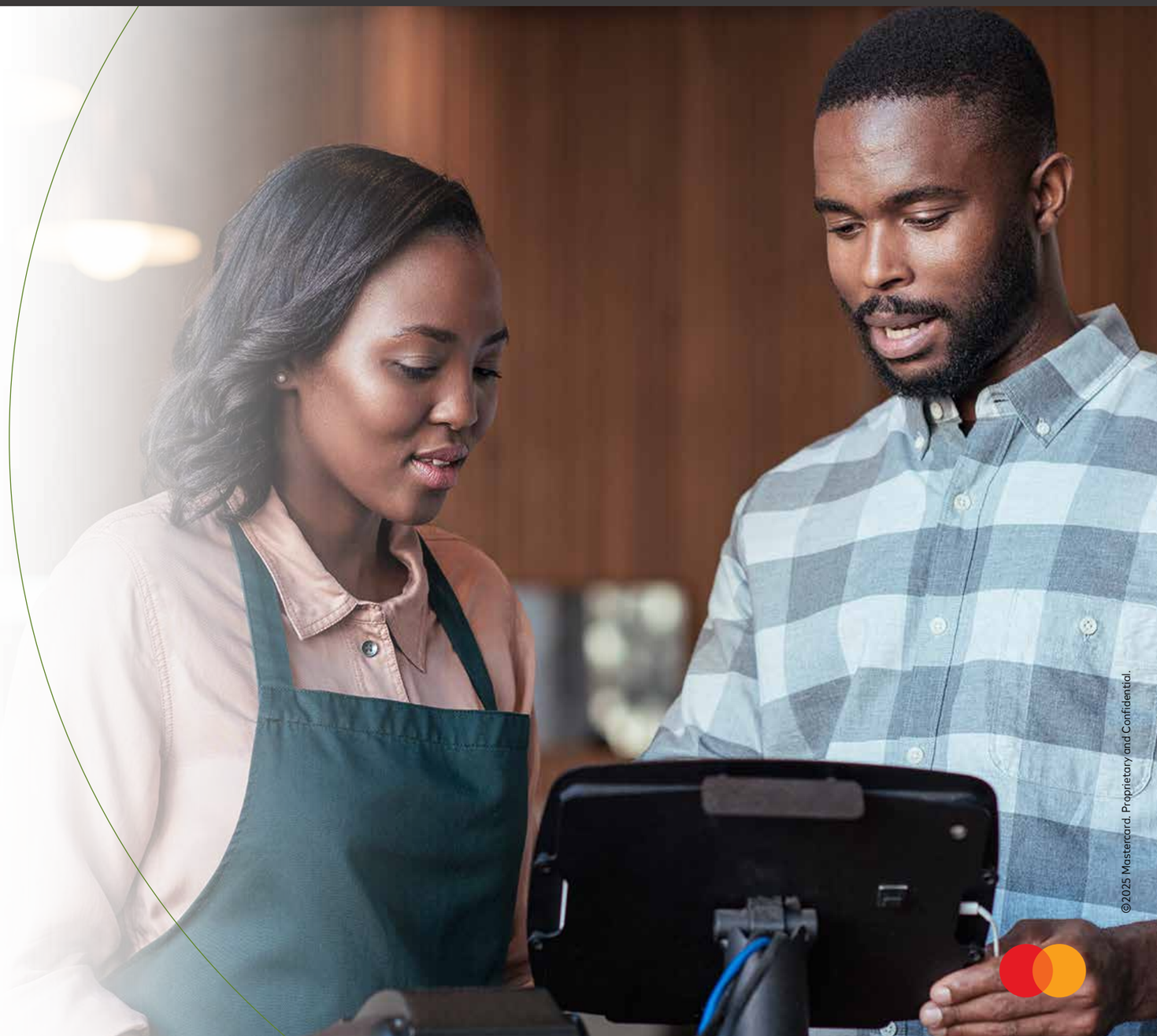

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Table 6: Recommended DCC Training Topics

Topic	Description
Introduction	Providing an overview of the DCC service offering
Cardholder choice	Reinforcing that cardholders must be given a choice of which currency to complete the transaction
Terminal visibility	Providing guidance on making sure that terminal visibility to the cardholder is part of DCC service offering clarity
Language selection on terminal	Ensuring that the offer wording can be presented in a language that the cardholder understands
Contactless CVM Limit	Explaining the cardholder verification method (CVM) limit and its significance, DCC must not be offered under the CVM limit for contactless payments
PIN	Ensuring that the DCC service offering is made to the cardholder **before** they are asked to enter their PIN, if a PIN is required for the transaction
Receipts	Reinforcing that the offering of a printed or digital receipt to the cardholder is mandatory, if requested by the customer
Preauthorization	Defining the term and when this option may be used for DCC transactions
Tip adjustments	Instructing how to process a transaction where the cardholder has selected DCC and added a tip (gratuity)
Voiding the sale	Explaining how to correctly reverse a transaction where DCC has been incorrectly or accidentally selected or applied
Refunds	Instructing how to provide refunds on transactions where DCC has been selected or applied

5.2 MERCHANT COMMUNICATION METHODS FOR OFFERING DCC IN ATTENDED POS ENVIRONMENTS

In an attended POS environment, the DCC offer and the required cardholder disclosure information can be presented through three different methods:

- Verbally by the merchant staff;
- Visually via the POS terminal screen; or
- In-hand by providing a printed advice slip.

This subsection contains best practices for each type of communication method.

5.2.1 VERBAL ASSISTANCE

For a cardholder to have a positive experience using DCC, the merchant staff member must provide transparency during the process and be able to answer basic questions about DCC and the transaction.

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5.2.2 TERMINAL SCREENS

A terminal-led solution helps ensure that the cardholder disclosure requirements are consistently met by providing all of the necessary information on-screen. Therefore, it is best practice for the terminal to be placed **facing the cardholder** instead of placed behind the counter where the cardholder cannot see it.

If the merchant must hand the terminal to the cardholder to offer DCC, then a prompt must be added to the screen to remind the merchant staff member to do so.

Cardholder access to the terminal screens can help overcome language barriers and reduce the potential for human error.

5.2.3 ADVICE SLIPS

When terminal screen software or space limitations prevent all of the required DCC information from being displayed, an advice slip can be printed out as an alternate way of providing DCC information to the cardholder.

Merchants must provide the advice slip to the cardholder and respect the cardholder's indicated selection. If the cardholder does not make a selection, then the transaction must be processed in the merchant's local currency.

"It is best practice for the terminal to be placed facing the cardholder."

CASE STUDY

Ensuring Merchant Transparency in DCC Transactions

Scenario: *On my last international trip, I was offered DCC with all the currency conversion information presented on advice slips. This solution helped me overcome the language barrier, and I was able to make informed decisions confidently. However, I was disappointed when some merchants neglected to provide the advice slip or give me the choice. Additionally, my receipt sometimes did not reflect the conversion details.*

Issues: *Merchant oversight or error; Insufficient merchant staff training on DCC.*

During our audits, we frequently encounter the issue of incomplete receipts that lack essential DCC transaction details, such as amounts and exchange rates, and any markup fees applied to the conversion.

Resolution: Mastercard requires for merchants to provide clear DCC options using advice slips or by displaying all required information on the terminal or website screen. It is essential to use proper software controls to ensure correct DCC disclosure and to display comprehensive on-screen messages in English or the cardholder's native language. At the transaction's completion, the receipt must also contain conversion details.

Proper merchant staff training is crucial to maintaining best practices in DCC transactions. Mastercard recommends acquirers to conduct periodic refreshment of merchant training to ensure adherence to the correct process.

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5.3 PREAUTHORIZED TRANSACTIONS

If DCC is performed on a preauthorized transaction, the total amount billed by the merchant cannot exceed the amount of the preauthorization.

If the total amount will exceed the hold placed, an additional authorization request must be submitted for the extra amount using the trace ID from the initial preauthorization.

5.3.1 HOTELS

Before submitting a preauthorization request as part of the hotel check-in process, the cardholder must be clearly informed that they have the right to choose the currency in which the transaction will be completed.

Furthermore, the cardholder must be clearly informed about:

- The transaction amount in the local currency;
- The transaction amount in the cardholder billing currency;
- The exchange rate applied for the transaction;
  - ** This exchange rate is an approximation, as the final exchange rate will be determined on the date that the transaction is processed (final authorization);*
- Any other fee (markup) that can be charged in the event the cardholder selects DCC.

If the cardholder interacts with the merchant staff during the check out, they must be informed of their right to opt out of DCC if they change their mind. Therefore, the final amount, currency exchange rate, and currency selection can be confirmed with the merchant staff at the time of checkout.

If the cardholder opts for an express checkout transaction, there must be an advance, documented agreement from the cardholder that they have accepted the DCC offer.

The agreement should contain the following information:

- The specific merchant's pricing currency in which the transaction will take place;
- The total amount including all fees (e.g., commission, VAT, etc.) applied to the DCC transaction (markup);
- An acknowledgment that the cardholder has been offered a choice of currencies, including the merchant's local currency.
- A declaration that:
  - The cardholder understands that DCC will take place without further consultation;
  - The exchange rate will be determined on the date that the transaction is processed (final authorization);
  - The cardholder has the right to change their mind and opt out of DCC — in which case, there will be no express checkout.

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Figure 11: Example of the Components of a Written Agreement

The specific merchant's pricing currency in which the transaction will take place, including all the fees applied to the DCC transaction (markup).

HOTEL ABC

Reservation number	: 123456	Room number	: 123
Guest name	: John Doe	Room type	: Suite Room
Passport number	: A123B45	Check-in	: 11/11/2024
		Check-out	: 11/12/2024

Description	Nights	Rate	Amount
Suite Room	1	320	320
		Subtotal	320
		VAT	0
		Total	320 EUR

Payment method	: Mastercard
Card	: **** ******** 1234
Authorization amount	: 320 EUR
Exchange rate	: 1 EUR = 0.93 GBP
Mark up	: 3%
Transaction currency	: GBP
Transaction amount	: 297.6 GBP

This is not an invoice.

Cardholder has been offered a choice of currencies and agreed to pay in GBP.

The currency conversion will take place on the date on which the invoice is issued. The exchange rate used will be the exchange rate in effect on that date.

A declaration that:

a. **The cardholder understands that DCC will take place without further consultation.**

b. **Exchange rate will be determined on the date that the transaction is processed (final authorization).**

c. **The cardholder has the right to change their mind and opt out of DCC — in which case, there will be no express checkout.**

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5.3.2 CAR RENTAL AGENCIES

Car rental merchants offering DCC service are expected by Mastercard to adhere to the same DCC requirements as other merchants offering this service.

5.3.2.1 CAR RENTAL PREFERRED CUSTOMER PROGRAMS

If the cardholder has no interaction with a rental sales agent at the time of returning the car, a notice must be provided to the cardholder that explains the currency in which they will be billed as well as any currency conversion commission, fees, or markup on the exchange rate. The transaction must use the exchange rate on the day that the car is returned, and the cardholder must be advised when making their currency selection that the exchange rate may be subject to change.

As part of the cardholder's response to the notice, the merchant must obtain the cardholder's express written agreement to apply DCC to the car rental transaction by the time that the car is returned and acknowledgment that they were offered a choice of currencies for payment. If the cardholder does not respond to this notice from the rental car merchant, then the merchant must not apply DCC automatically and **must** use the **local currency** for the transaction.

5.3.3 AUTOMATED FUEL DISPENSER

Automated fuel dispenser (AFD) transactions with DCC need to follow the broader principles for DCC mentioned in Section 2.5 of this Guide:

1. Unattended terminals must disclose the following standard cardholder disclaimer language (verbatim) before prompting the cardholder to select a currency: "Make sure you understand the costs of currency conversion as they may be different depending on whether you select your billing currency or the transaction currency."
2. The cardholder must be clearly informed of all the following:
   - Their right to choose the currency in which the transaction will be completed;
   - The transaction amount in the local currency;
   - The transaction amount in the billing currency;
   - The currency conversion rate to be applied if the transaction is completed in the billing currency; and
   - Any other fee(s) that can be charged if the cardholder selects DCC (e.g., markup, etc.).

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5.3.3.1 AUTOMATED FUEL DISPENSER & DCC PREAUTHORIZATIONS

The acquirer will send an initial authorization message to the issuer in the form of a preauthorization reflecting one of the following options:

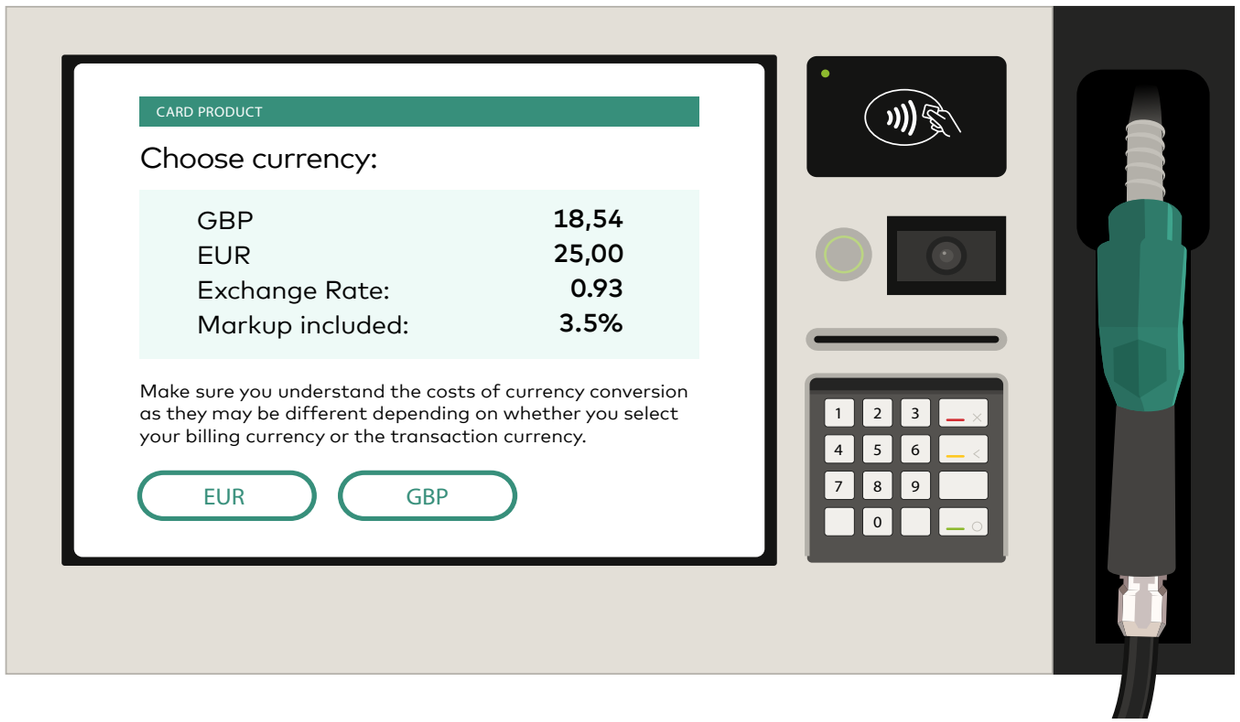
1. A maximum fuel dispense amount set by the merchant or acquirer;
2. A specific amount selected by the cardholder;
3. The amount of USD 1, in the U.S. region.

If the preauthorization is submitted for the **maximum fuel dispense amount (predetermined by the merchant)** and it is not possible to disclose the exact transaction amount in advance, then the cardholder must be presented with the following:

1. The standard cardholder disclaimer language;
2. A notice that the final transaction amount will be displayed after the fueling process is completed. If the cardholder opts to choose DCC, then the transaction amount will be converted according to the disclosed exchange rate and any fees/markups without additional consultation;
3. The maximum preauthorized amount in local currency and in billing currency, the exchange rate, and any fees/markups, as well as the offer wording and neutral and equivalent button options.

When the cardholder finishes fueling and the transaction is completed, the terminal must offer a receipt with DCC information, which will advise the post-conversion transaction amount in the selected currency and the pre-conversion transaction amount.

Figure 12: Example of a DCC Offer on an Automated Fuel Dispenser



If the preauthorization is submitted for a **specific amount selected by the cardholder**, then the cardholder will be presented with a normal DCC offer. The screen components will be similar to an unattended POS offer or an ATM withdrawal:

1. The standard cardholder disclaimer language;
2. The preauthorized amount in local currency and in billing currency, the exchange rate, and any fees/markups. As well as the offer wording and neutral and equivalent button options;
3. When the cardholder finishes fueling and the transaction is completed, the terminal must offer a receipt with standard DCC information.

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6. FREQUENTLY ASKED QUESTIONS

This section contains responses to questions frequently asked by acquirers and issuers.

6.1 FOR ACQUIRERS

The responses in this section are intended to provide DCC implementation guidance to acquirers.

I want to start offering DCC, what do I need to do?

If you are planning to offer DCC, you must complete the following:

- Registration of the DCC service provider in MC Connect. The acquirer will need to register the service provider offering DCC on its behalf. If the acquirer doesn't work with a service provider to offer DCC (in-house DCC) then the acquirer must register itself as its own DCC service provider;
- The screen and the receipt samples need to be validated by Mastercard, in alignment with current Mastercard Standards; and
- The transaction data in the authorization and clearing messages must be correctly identified and populated.

For details, refer to subsection 2.3, "Registration", of this guide.

Additionally, you or your DCC service provider, as appropriate, could work with the Mastercard Customer Implementation Services (CIS) team to complete an Extension Business Program project that will cover all of the points mentioned above.

I want to stop offering DCC and I am currently in the Europe region. How do I deactivate this offering to avoid the annual fees?

There is no formal deactivation process. If an acquirer stops processing DCC transactions, it will no longer appear on the list for billing. This stoppage can be performed at any time in the year, and the fees will be pro-rated.

Are there restrictions on which currencies or in which countries DCC can be offered? Can DCC be offered in multiple currencies?

The DCC program does not place any restrictions on currencies or countries. Multiple currencies are allowed under DCC, and the selection of currencies offered by an acquirer is based on their business decision.

When is DCC permitted on contactless transactions?

DCC is permitted only on contactless transactions above the CVM limit. The CVM limits by country are detailed in the Mastercard *Transaction Processing Rules* (Appendix E).

The process begins as the cardholder approaches the payment terminal with a contactless-enabled card. The cardholder initiates the transaction by tapping the card, which signals the initiation of the transaction and prompts the terminal to present an offer for DCC if the transaction is above the CVM limit.

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At this point, the cardholder decides whether to proceed with the DCC offer or opt for payment in the local currency. If DCC is chosen, the terminal will request a PIN for authentication. Following this decision, the terminal finalizes the transaction, confirming success with a message.

What is multi-currency pricing (MCP) and how does it differ from DCC?

Multi-currency pricing is sometimes provided by e-commerce merchants. It involves assessing the customer's location and displaying the prices of the goods or services in the cardholder's domestic currency or multiple currencies from which the cardholder can choose throughout the shopping experience.

For example, consider Sarah, an avid online shopper residing in London. As soon as she logs onto a website that employs MCP, the website detects her location through her IP address, realizes she is in the UK, and provides her with prices in British pounds (Sarah's home currency). Even though the prices are displayed in British pounds while she browses the products, Sarah has the option to choose whether to pay in British pounds or in other currencies the merchant offers.

In contrast, DCC specifically refers to the option of converting the transaction amount into the cardholder's billing currency when completing the transaction at the time of payment.

I want to offer DCC on recurring transactions, what do I need to display to the cardholder?

To offer DCC on recurring payments, you must provide all of the following information on the initial cardholder-initiated transaction (CIT):

- The transaction amount in the local currency;
- The transaction amount in the cardholder billing currency;
- The exchange rate applied for the transaction, and any extra fees applied i.e.: markup.

  NOTE: This exchange rate might differ from the ones applied in the subsequent transactions, and each time will be determined on the date the transaction is processed (final authorization).
- Ability to provide an opt-out option at any time;
- A confirmation that if DCC is chosen, this choice will be used for subsequent merchant initiated transactions (MIT).

Remember that the terminal screen needs to display the components mentioned in Section 4.1 of this guide and the receipt will need to follow the guidelines provided in Section 4.3.

If the cardholder accepts DCC, the merchant is allowed to process subsequent MIT transactions using DCC if they offer the following information to the cardholder:

- Conversion rate applied to the transaction;
- Final amount expressed in the local currency and in the cardholder billing currency.

Which one of the multiple "cardholder billing currency" fields in the issuer account range table ip0040t1 in the mpe file do I use to determine the cardholder billing currency for the purposes of offering DCC?

The "default" cardholder billing currency indicates the currency in which the card was issued and therefore should drive the offering of DCC.

If one of the "primary" currencies listed matches the local currency, the transaction can be processed in that currency

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without the need for DCC. These primary currencies indicate additional transaction currencies besides the default currency in which the issuer is willing to settle.

6.2 FOR ISSUERS

The responses in this section are intended to help issuers respond to common DCC-related questions from cardholders and to provide guidance on how issuers can best support their cardholders when DCC complaints are received.

What if I have a complaint from my cardholder regarding DCC that was performed incorrectly?

If your cardholder informs you that currency conversion was performed incorrectly or without their consent, you have the option to submit a chargeback to seek financial remedy. Please assist your cardholder by initiating the dispute process.

The cardholder can also report these incidents to the Mastercard Point-of-Interaction (POI) Currency Conversion team via email at poi_currency_conversion@mastercard.com.

Mastercard takes these reports very seriously and conducts performance investigations in response to these reports. Advise the cardholder to provide a scan of their transaction receipt and make sure that the following information is clearly legible:

- Merchant name;
- Transaction date;
- Transaction amount; and
- Last 4 digits of the cardholder's Mastercard card number.

If the cardholder no longer has a copy of the receipt, they can look up this information on their account statement.

The exchange rate markup disclosed to my cardholder does not seem to be an accurate comparison to the market exchange rates. How is the markup set?

A markup is a **standalone fee** added on top of the exchange rate based on a commercial agreement between the merchant or ATM owner and their acquirer. Since it is a fee, it should be viewed as such and not as a comparison of exchange rates.

Exchange rates and markups are not regulated by Mastercard, as DCC is a service offered by the acquirer, thus it is their business decision. However, when a cardholder is offered DCC, the merchant or the acquirer is required to disclose the exchange rate to be applied, as well as any additional fees or markups, in the event the cardholder selects DCC.

In a DCC transaction, the acquirer's merchant sets the exchange rate, and this is often facilitated by their DCC service provider. Mastercard is not involved in this process when DCC is offered.

In a non-DCC transaction (issuer conversion), the issuer may or may not use the Mastercard foreign exchange rate to bill and may impose additional fees in connection with foreign currency transactions.

Mastercard uses multiple market sources, such as Bloomberg, Reuters, Central Banks and others, to establish exchange rates. These rates generally reflect either wholesale market rates or government mandated rates that are collected during the daily rate setting process.

Cardholders with questions about the exchange rate can consult their issuer, as the exchange rate used/passed to them by their issuer is governed by their card agreement.

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Does Mastercard add fees to foreign transactions?

Mastercard does not charge any fees to cardholders. If a cardholder decides to pay in their card billing currency, then the merchant or ATM owner and their acquirer may add fees for providing the DCC service, which should be clearly disclosed in the DCC offer and on the cardholder's receipt. If the cardholder decides to pay in the merchant's local currency (no DCC), then their issuing bank will set the exchange rate and markup fees used in the transaction.

How does a cardholder opt out of DCC or can I provide an option for a cardholder to automatically or permanently opt out of DCC?

A cardholder should always be given the choice of currency in which to pay for a transaction so that they can choose to pay in the local currency instead of using DCC to pay in their billing currency.

However, it is not possible to automatically or permanently opt out because DCC is offered and performed by merchants/ATM owners and their acquirers within their acceptance infrastructure. Therefore, issuers cannot control whether DCC is performed on a transaction. Also, blocking all DCC transactions on a card would prevent card acceptance and violate Mastercard Standards.

Although declining a transaction based on **cardholder-designated** restrictions is acceptable, declining a DCC transaction does not cause the transaction to be processed in the local currency. Instead, the decline causes additional friction to the cardholder.

The only exception applies to cardholders using prepaid travel cards or debit multi-currency cards. Acquirers are prohibited from offering DCC to them.

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