



Simplifying Payments AROUND THE GLOBE
130+ CURRENCIES ACROSS 50 MARKETS WORLDWIDE

PSD2: Dynamic Currency Conversion (DCC) Changes

EVO UK

May 2020

Background

We wrote to you on 16th April to share with you the upcoming changes connected to the new Cross Border Payments Regulations (CBPR) for the provision of Dynamic Currency Conversion (DCC) services at ATM and POS.

A reminder of the changes:

The new legislation states that for any DCC transaction where the payment card is issued in the European Economic Area (EEA) and the merchant is EEA based, there will be a mark-up percentage displayed over the European Central Bank (ECB) exchange rate. Please note: these changes **do not** apply to non-EU/EEA transactions e.g. USD.

Rationale for change:

1. Not enough transparency and comparability in currency conversion services at POS
2. Increased competition: current situation does not drive adequate competition nor drive down costs as a result of competition
3. Risk of excessive fees and customers unable to choose the most favourable variant

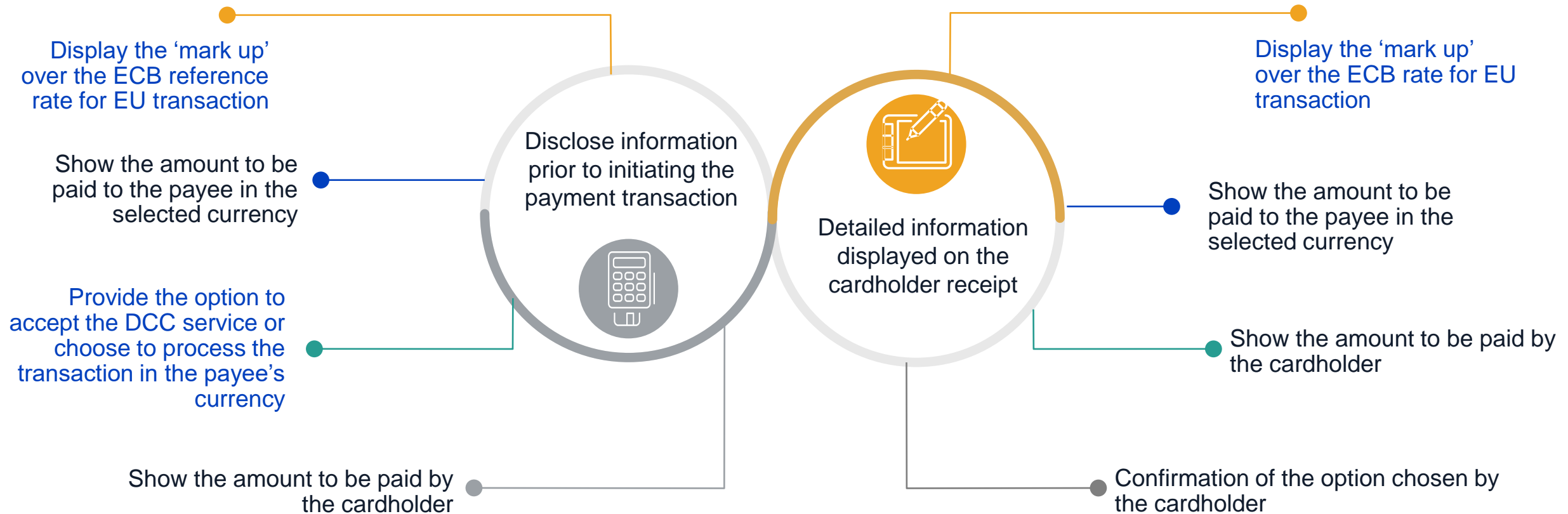
Effecting the change:

The merchants terminal(s) that are DCC enabled (Ingenico standalone terminals only) require an update to the payment application. This will automatically be performed as part of the regular 'heart-beat' update. We are pleased to announce we will start the update to our terminal estate (back book) from **June 2020**. Due to the volume of terminals in market across Europe, this is expected to continue throughout June and July.

The payment application for new customers that require DCC functionality will also be available from early June.

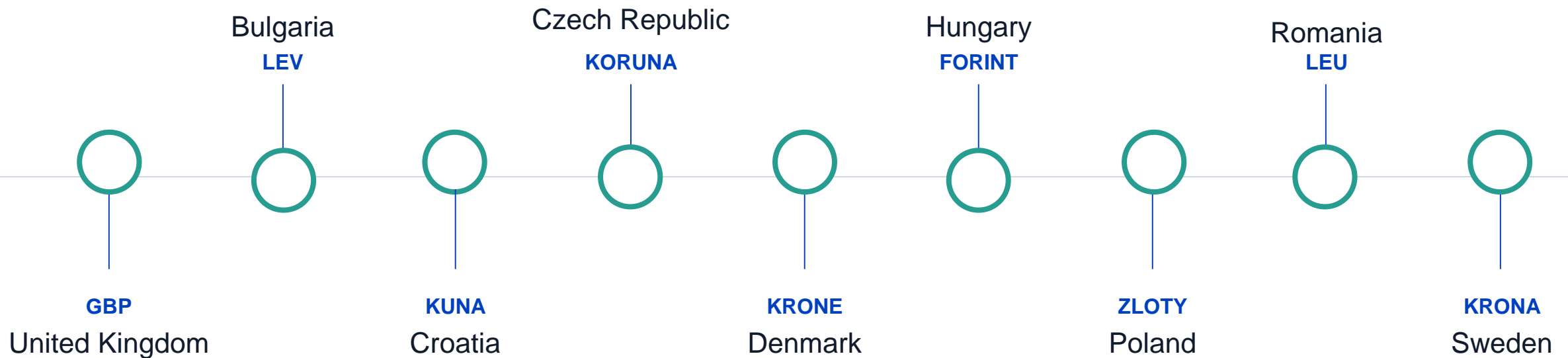
Summary of Requirements

Changes need to be made to both the POS application and relevant processing platforms to support the following requirements, those detailed in blue demonstrate the change:



Non Euro Currencies in the EEA

Once the terminal software has been updated it will automatically identify payment scenarios where the card currency and local currency both belong to the EEA and will adjust the POS screen display and receipt display accordingly. The non Euro currencies are listed below for ease:



Frequently Asked Questions

1. Why are these changes being made?

These changes are being made to comply with European Central Bank (ECB) regulations. The existing card association scheme rules remain unchanged. For EU currencies only, the total DCC charges for the transactions should be expressed as a percentage mark-up over the latest available ECB rate **(the mark-up)**. There are no changes to non-EU currencies.

2. How will the merchant identify whether the transaction is EU or non EU?

The terminal will automatically recognise this.

3. What is the 'mark-up'?

The mark-up is the total DCC charges as a percentage mark-up over the latest available euro foreign exchange reference rates, issued by the ECB.

4. Does the UK remain part of the EEA post Brexit?

We assume that UK remains part of the EEA until end of 2020.

5. Does this change affect how much cardholders are charged?

No, the cardholder will not be charged any differently. The change to display the DCC mark up percentage over the ECB rate is displayed for comparison purposes only for EU currencies.

Frequently Asked Questions

6. Will merchants be made aware of the changes that are taking place?

Yes, EVO is communicating to merchants that have DCC enabled terminal(s) ahead of the change being deployed on their terminal. Please find communication and supporting FAQs attached:



Merchant
Communication



DCC FAQs

7. When will the terminals be updated?

Pending successful testing throughout May, we are expecting the terminal application to be compliant early June for newly issued terminals. For existing merchants, we will commence rollout in June. Due to the volume of terminals that require the update, we anticipate this will run throughout June and July.

8. What happens if the terminal does not take the update as expected?

If the merchants terminal does not update as expected, EVO will force a second update to the terminal. If the update remains unsuccessful, EVO will replace the terminal and bear the swap out costs for the replacement.

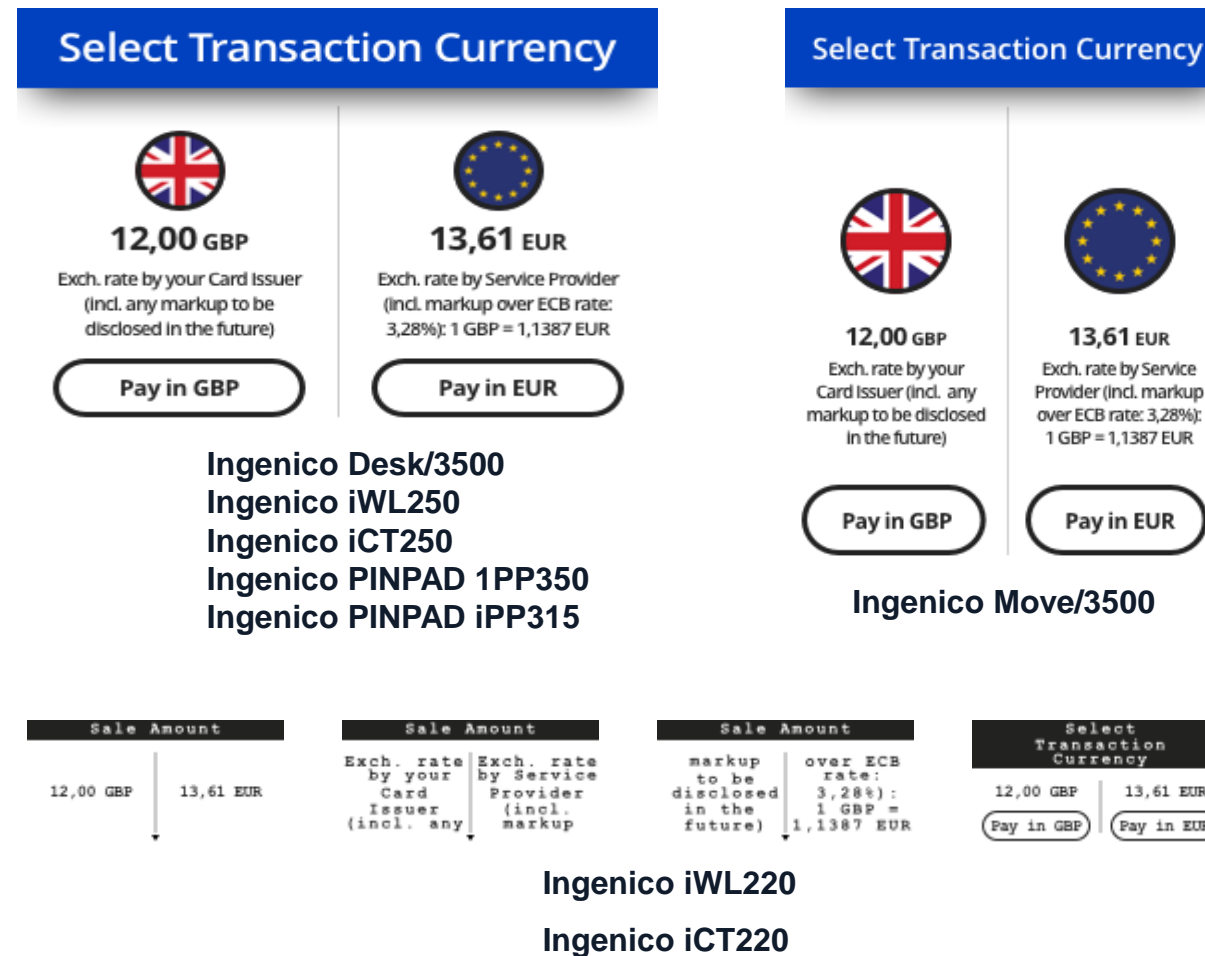


APPENDICES

1. New Screens for EU transactions
2. New screens for non EU transactions
3. Example Mastercard and Visa receipts (EU and non EU)

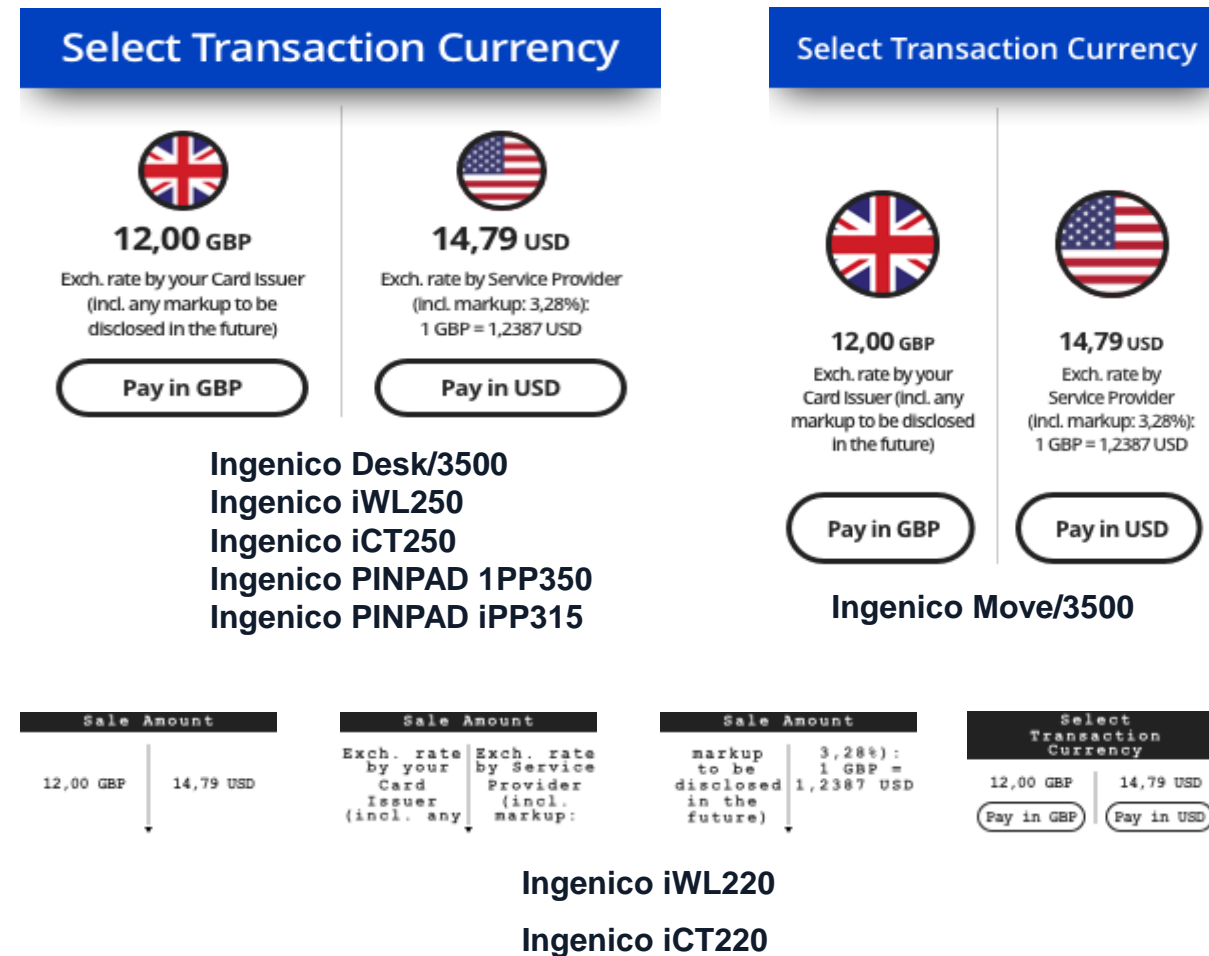
New screens: EU Transactions

- These EU DCC screen designs are related to the application managed by eService.
- They have been enhanced to include the regulatory changes required, but also cosmetically to drive the best customer experience.
- There are multiple versions of screen designs based on colour / monochrome and screen sizes due the different terminal types. These are available to support communications / operating procedures.



New screens: Non EU Transactions

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New Transaction Receipts

UK MasterCard

SOME-SHOP
10 Calthorpe St
Banbury OX16 5EX
TID: 8887766 Receipt No: 88877668050404031
MID: GB0000000000039074
***** 0036 Valid Until
AID: A000000003220
MASTERCARD (p)

Sale

TRANSACTION AMOUNT: 78.00 GBP

ESERVICE EXCHANGE RATE : 1 GBP = 1.2067 EUR
MARKUP OVER ECB EXCHANGE RATE*: 3.21%
*MARKUP IS SHOWN AS A % AGAINST THE

EXCHANGE RATE PUBLISHED BY THE EUROPEAN
CENTRAL BANK FOR REFERENCE ONLY.

TOTAL TRANSACTION AMOUNT: 94.12 EUR

THIS CURRENCY CONVERSION SERVICE IS
PROVIDED BY: ESERVICE

PIN CODE VERIFIED

Auth Code: (1) 60401Z
Tc: 1234556678910
Exchange Rate is based on ESERVICE
Rate as at date: 19/04/2020

Date: 19/04/2020 Time: 13:23:45
ver: 3409

Thank you

EU Transaction Receipt Examples

UK Visa

SOME-SHOP
10 Calthorpe St
Banbury OX16 5EX
TID: 8887766 Receipt No: 88877668050404031
MID: GB0000000000039074
***** 0036 Valid Until
AID: A000000003220
VISA

Sale

TRANSACTION AMOUNT: 78.00 GBP

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CENTRAL BANK FOR REFERENCE ONLY.

TOTAL TRANSACTION AMOUNT: 94.12 EUR

THIS CURRENCY CONVERSION SERVICE IS
PROVIDED BY: ESERVICE

I HAVE BEEN OFFERED A CHOICE
OF CURRENCIES AND HAVE CHOSEN TO ACCEPT
DCC AND PAY IN EUR AT THE EXCHANGE RATE
OFFERED BY ESERVICE

PIN CODE VERIFIED

Auth Code: (1) 60401Z
Tc: 1234556678910
Exchange Rate is based on ESERVICE
Rate as at date: 19/04/2020

Date: 19/04/2020 Time: 13:23:45
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Thank you

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Sale

TRANSACTION AMOUNT: 89.00 GBP

ESERVICE EXCHANGE RATE : 1 GBP = 1.3623 USD
INCLUDING MARKUP: 3.21%

TOTAL TRANSACTION AMOUNT: 121.24 USD

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TOTAL TRANSACTION AMOUNT: 121.24 USD

THIS CURRENCY CONVERSION SERVICE IS
PROVIDED BY: ESERVICE

I HAVE BEEN OFFERED A CHOICE OF CURRENCIES
AND HAVE CHOSEN TO ACCEPT DCC AND PAY IN
USD AT THE EXCHANGE RATE OFFERED BY
ESERVICE

PIN CODE VERIFIED

Auth Code: (1) 60401Z
Tc: 1234556678910
Exchange Rate is based on ESERVICE
Rate as at date: 19/04/2020

Date: 19/04/2020 Time: 13:23:45
ver: 3409

Thank you



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