Utilizing Currency Solutions to Overcome Cross Border Challenges

Brian Frey – Vice President, Global Currency Solutions, First Data
Tony Hight - Sr. Mgr. Credit Clubs/Remittance Processing, Avis Budget Group

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Cross Border Challenges

- How can we meet the International Consumer needs and wants
- High cost of acceptance - International Interchange + Cross Border related fees
- International issuers – Higher decline rates on authorizations
- Global Pricing Challenges – Pricing Risk vs. Funding Risk
- Domicile for local Acquiring – Domicile requirements also have potential tax and other legal implications
- What Payment types do I need?
- Testing the Waters – How do I test the water without a significant investment?
- Payments Knowledge – Where do I turn to get educated?
- Strategy – How do I develop a strategy short term vs long term?
WOULD YOU BUY THIS ITEM?

₩46725
WOULD YOU BUY IT NOW?

It is now priced in your currency:

$39.95

Is this a better experience?
Currency is the language of global commerce.

How many currencies do you speak?
Customers don’t always speak your language

This is a photo taken in Hawaii of a Japanese couple struggling to make sense of a receipt they did not really understand. Why?

Because everything was in US Dollars

This is a BAD customer experience!
How does it feel to be an international customer?

Please pull out your mobile phones and go to the following URL where each of you will answer 3 very short questions.

www.menti.com

Use code 212331
Merchants continue to **struggle** with cross border payments

- **35%** Merchants offer alternative payments unique to markets
- **42%** Merchants offer pricing in a foreign currency
- **69%** Merchants cite localization as vital or very important
- **91%** Merchants unhappy with their cross border payments

Source: 2017 Ovum Global Payments Insight Survey, 2016 Ipsos/Mori Cross Border Transactions
62% of business believe the complexities of “going global” is causing them to miss out on key opportunities.

Source: 2017 Ovum Global Payments Insight Survey, 2016 Ipsos/Mori Cross Border Transactions
## What’s important to international customers?

<table>
<thead>
<tr>
<th>Currency</th>
<th>Language</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>58%</strong></td>
<td>59%</td>
</tr>
<tr>
<td>of shoppers prefer to see products priced in their own currency</td>
<td>rarely or never buy from websites that are English only</td>
</tr>
<tr>
<td><strong>75%</strong></td>
<td>67%</td>
</tr>
<tr>
<td>would complete the transaction if able to pay in their own currency</td>
<td>prefer navigation and content in their language</td>
</tr>
<tr>
<td><strong>93%</strong></td>
<td></td>
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<tr>
<td>would abandon their purchase if currency options are unavailable</td>
<td></td>
</tr>
</tbody>
</table>

"Optimizing the Online Payment Journey for Shoppers", KAE Marketing Intelligence, February 2015

"Global ecommerce The executive guide to scaling your brand internationally", Shopify Plus, 2015
57% of online shoppers have made an **cross-boarder purchase** in the past six months.

10 largest eCommerce markets in the world

<table>
<thead>
<tr>
<th>Country</th>
<th>Sales (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>$672B</td>
</tr>
<tr>
<td>United States</td>
<td>$340B</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>$99B</td>
</tr>
<tr>
<td>Japan</td>
<td>$79B</td>
</tr>
<tr>
<td>Germany</td>
<td>$73B</td>
</tr>
<tr>
<td>France</td>
<td>$43B</td>
</tr>
<tr>
<td>South Korea</td>
<td>$37B</td>
</tr>
<tr>
<td>Canada</td>
<td>$30B</td>
</tr>
<tr>
<td>Russia</td>
<td>$20B</td>
</tr>
<tr>
<td>Brazil</td>
<td>$19B</td>
</tr>
</tbody>
</table>

Only one of these countries understands the value of the US Dollar!

Local Acquiring (Global Acquiring) = lower interchange costs

Where you have a physical presence can make a difference! Europe for example has attractive rates that can save you some serious money.

Cross-border acquiring is not permitted, and with it comes stiff fines from the card brands.

Must Meet Rules of Domicile
Physical Presence, Sales Force, and Pay Taxes
3 Options for “In country” Consumer Experience

€ £ ¥
Multi-Currency Pricing (MCP)
eCom/ MOTO merchants can price goods or services in different currencies while still receiving funding in their base currency.

£
Multi-Currency Conversion (MCC)
International eCom consumers can shop in their own currency by dynamically converting the merchant’s base currency pricing.

£ → $
Dynamic Currency Conversion
Card processing solution that allows merchants to offer international customers the choice to pay in their own currency or the merchant’s base currency.
Multi-Currency Pricing (MCP)

“In country” customer experience

Be mindful of associated costs and increased cross-border fees

Merchants set international pricing

Offset costs by converting browsers into buyers
Multi-Currency Conversion (MCC)

“In country” customer experience without risk

Base pricing currency dynamically converted

Increase sales with additional revenue

Many pricing currencies, but be sure to partner with trusted treasury service
Dynamic Currency Conversion (DCC)

- Simple and flexible for merchants
- Used for online and in-store transactions
- Customer currency choice and informed decisions
- Regulated by Visa / Mastercard
- Transactions converted at the point of sale
- New merchant revenue stream
The Option to Avoid
Indicative Pricing

Rate feed is merely a “suggestive price”
Consumer pricing is only illustrative and can be deceptive
Consumer charged in merchant’s currency, increasing cost
The World Is Your Oyster!

Select a strategy that meets your needs
Evaluate available options
Seek advice from a payment professional with tremendous experience in pricing strategies and foreign exchange (FX)

Find a partner who fully understands world markets and has the experience
Don’t forget about eCommerce
Pleasing today’s consumer means appealing them online and offline
Local Payments as an Add-On Option

Help to reduce friction

Avoid cross-border fees

Payment methods vary by country and are driven by consumer demand

Hundreds of options available across the globe

Talk with a trusted payment advisor

Understand local importance and how it fits into your strategy
About The Presenters

**Brian Frey, Vice President, Global Currency Solutions, First Data Corporation**  
[Email] brian.frey@firstdata.com  
[Office Phone] 954-845-4165

Brian Frey is responsible for First Data’s Global Currency Solutions which includes a suite of global products including Currency Conversion, Dynamic Pricing and Global ePricing which empowers businesses with various currency solutions for all vertical markets for international consumers.

Brian is considered one of the top industry experts in the field and is often consulted by businesses, large corporations, card associations, payment executives and industry groups. He has over 18 years experience with International, cross border and FX business within the payments industry and over 30 years experience building complex business solutions.

Brian is very committed to MAG. As the co-chair to the MAG ICC, he is happy to assist any merchant by answering questions or helping put an appropriate payments strategy in place to help you overcome your cross border concerns.

**Tony Hight, Sr. Mgr, Credit Clubs/Remittance Processing, Avis Budget Group**  
[Email] tony.hight@avisbudget.com  
[Office Phone] 757-687-2035

One of Tony’s responsibilities include overseeing the Avis Budget Dynamic Currency Conversion (DCC) program offered by Avis Budget in the USA since 2004.

Tony has been a very passionate and active member of MAG and co-chair to the MAG ICC. Tony helps to promote education and advocacy on behalf of merchants and the payment industry and is very active with DCC.

Tony is happy to assist any merchant by answering questions.
THANK YOU