

**VOCALINK PERSPECTIVE**

# Turning the tables on ATM FX

Dynamic Currency Conversion (DCC) gives cardholders a straightforward and transparent way to manage their spending in countries around the world. Offering the service to overseas visitors at your ATMs could open up a valuable additional revenue stream for your business.

Everyone wants simple, reliable ways to access their money – even more so when travelling overseas. Cash withdrawals at local ATMs offer flexibility and convenience, but visitors often don't know how much each withdrawal will cost in their own currency until they check their statement.

Meanwhile, ATM deployers are looking at ways to develop new revenue streams and minimise the impact of declining interchange fees and rising costs.

DCC provides a solution for both parties. For customers, it makes overseas ATM transactions more transparent and predictable by displaying at the time of the transaction:

- amount requested in the local currency
- exchange rate for that transaction
- converted amount in customer's home currency
- any commission that applies to the transaction
- total transaction amount in the customer's home currency

This transparency is popular and take-up rates of DCC are very strong, with consistent acceptance levels of 70% or more. Specialist payments processor VocaLink has amassed considerable customer insight that enables it to maximise the potential of DCC, whilst ensuring cardholders receive a clear choice and are treated fairly.

**Revenue stream for ATM owners**

DCC also provides a great opportunity for transaction acquirers to tap into income that has traditionally been obtained by the card issuer. The profit margin on DCC transactions means that offering this service at locations where there is a reliable flow of overseas visitors – airports, major city centres, tourist attractions and key rail interchanges – can result in a consistent and significant income stream. What's more, the high concentration

of overseas visitors in few key locations makes it possible to maximise revenue potential through a relatively low number of targeted ATMs – with as little as 10% of the ATM network on average delivering over 70% of total revenue.

**A fast, cost-effective solution**

Banks can find it difficult to secure funding and resources for the ATM channel; so the answer may be to outsource DCC provision to a specialist. VocaLink, for example, has drawn on the industry-leading technology used in its ATM Managed Service to develop a 'just add rates' DCC solution. This simple option leverages a bank's investment in its ATM network, achieving maximum re-use of assets with minimum disruption and effort.

The VocaLink DCC solution can be installed and running on a bank's key estate within just three months\*, at a fraction of the cost of a new in-house system. The bank simply selects key ATMs for activation and VocaLink does the rest, right down to developing the transaction screens and providing full helpdesk support. Crucially, the solution is fully proven and reliable, and the business has worked closely with the International Card Schemes on a number of customer implementations to ensure the solution is fully compliant, so the ATM channel owner saves time and money on certification and administration.

**Maximising profitability**

VocaLink DCC enables the ATM to generate revenue by applying a margin to the foreign exchange currency rate on overseas withdrawals. To allow maximum flexibility and profitability, the margin can be tailored to each individual currency and ATM. This is tracked and reported, together with take-up of the DCC service, allowing individual margins to be adjusted regularly to reflect seasonal or long-term trends, ensuring the service maximises its profit potential. At the same time, clear, up-front and flexible charges covering the full service enable banks to benefit from DCC cash withdrawals at a very competitive cost. ■

\*Subject to specific requirements and International Card Scheme processes

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**Find out more**

To increase the profitability of your ATM service, please e-mail [info@vocalink.com](mailto:info@vocalink.com) or call +44 (0)870 165 0019

