### **Policy 6: Foreign Transaction Fees and Currency Conversion Policy**

#### **Introduction**

This policy outlines the fees and procedures that apply when a cardholder makes a transaction in a foreign currency or outside of the cardholder’s home country. It covers foreign transaction fees, currency conversion processes, and important timelines.

#### **Section 1: Foreign Transaction Fee**

* **Fee Structure**: A **3% foreign transaction fee** applies to all purchases made in a foreign currency or outside the cardholder’s home country. This fee is calculated as **3%** of the total transaction amount and will be added to the cardholder’s statement in their home currency.
  + **Example**: A cardholder who makes a $1,000 purchase in a foreign country will incur a foreign transaction fee of **$30**.
* **Exemptions**: Some specific card types, such as premium travel cards, may have no foreign transaction fees. Cardholders should refer to their specific cardholder agreement to verify if their card qualifies for this exemption.

#### **Section 2: Currency Conversion Process**

* **Automatic Currency Conversion**: When a transaction is made in a foreign currency, the issuer will automatically convert the transaction amount into the cardholder’s home currency using the **exchange rate in effect on the transaction date**. The conversion will be displayed on the cardholder’s statement in their home currency.
  + **Exchange Rate Source**: The exchange rate used is the rate set by the relevant card network (e.g., Visa, MasterCard) and may differ slightly from market rates due to the timing of the transaction posting.
  + **Rate Fluctuations**: The exchange rate may vary between the date of the transaction and the date it posts to the cardholder’s account, but no additional charges will apply if the exchange rate changes during this period.

#### **Section 3: Foreign ATM Withdrawals**

* **Cash Withdrawal Fees**: When making cash withdrawals from an ATM outside the cardholder’s home country, a **$5 fixed fee** applies in addition to the **3% foreign transaction fee**. The local ATM operator may also charge additional fees.
* **Interest Accrual**: Cash withdrawals from foreign ATMs begin accruing interest immediately at **24.99% APR** with no grace period. The interest will apply until the full withdrawal amount, plus any applicable fees, is paid.

#### **Section 4: Refunds and Returns for Foreign Purchases**

* **Foreign Purchase Refunds**: If a foreign purchase is refunded, the cardholder will be credited for the transaction at the **exchange rate in effect at the time of the refund**, not the original transaction. This may result in a refund amount that differs from the original purchase due to exchange rate fluctuations.
  + **Foreign Transaction Fee Refunds**: The foreign transaction fee will also be refunded proportionally if the transaction is reversed. However, exchange rate differences may still affect the final refund value.

#### **Section 5: Dynamic Currency Conversion (DCC)**

* **Dynamic Currency Conversion (DCC) Explained**: Some foreign merchants may offer to convert the purchase amount to the cardholder’s home currency at the point of sale. This is called **Dynamic Currency Conversion (DCC)**. The cardholder may choose whether to accept the DCC or have the transaction processed in the local currency.
* **Fees and Risks with DCC**: If the cardholder accepts the DCC option, the transaction will be processed in their home currency, and the issuer’s foreign transaction fee will not apply. However, the exchange rate offered by the merchant may be higher than the issuer’s exchange rate, resulting in a more expensive transaction.
  + **Issuer Recommendation**: It is generally recommended to decline DCC and allow the issuer to handle the currency conversion, as the issuer’s exchange rate is often more favorable than merchant rates.

#### **Section 6: Special Considerations for International Travel**

* **Travel Notifications**: Cardholders are encouraged to notify the issuer of their travel plans using the mobile app or online portal to prevent their card from being flagged for suspicious activity during foreign transactions. Failure to notify the issuer may result in temporary card suspension for fraud detection.
* **Emergency Card Replacement**: In case the card is lost or stolen during international travel, the issuer will provide expedited card replacement services. A replacement card will be issued and delivered within **2-3 business days** in most major cities for a fee of **$50**. The fee may vary based on location and urgency.

#### **Section 7: Reporting Discrepancies in Foreign Transactions**

* **Reporting Errors**: Cardholders have **60 days** from the date of the statement to report any discrepancies in foreign transactions, including incorrect amounts, duplicate charges, or unauthorized transactions. Discrepancies reported after the 60-day period may not be corrected.
* **Documentation Required**: Cardholders must provide transaction receipts and any relevant documentation for foreign transactions when reporting discrepancies. Failure to provide adequate documentation may delay the investigation.

#### **Section 8: Dispute Process for Foreign Transactions**

* **Disputes for Foreign Purchases**: Cardholders may file disputes for foreign purchases under the same process outlined in the **Dispute Resolution Policy**. The issuer will investigate the dispute and may contact the foreign merchant for additional details. Cardholders should allow for longer resolution times due to international factors.
* **Provisional Credit**: A provisional credit will be issued within **10 business days** while the issuer investigates the dispute. If the dispute is resolved in the cardholder’s favor, the credit will become permanent. If not, the provisional credit will be reversed.

#### **Section 9: Transaction Limits for Foreign Purchases**

* **Daily Spending Limits**: Some cards may have **daily transaction limits** for foreign purchases. Cardholders should consult their specific cardholder agreement for information on these limits, which may differ from domestic spending limits.
* **Cash Withdrawal Limits**: Foreign ATM withdrawals are limited to **$500 per day**, regardless of the cardholder’s credit limit. Additional security measures may apply for withdrawals in high-risk regions.

#### **Section 10: Changes to Foreign Transaction and Currency Conversion Terms**

* **Amendments**: The issuer reserves the right to change foreign transaction fees or currency conversion processes with **60 days’ notice**. Any changes will apply to foreign transactions made after the notice period.
* **Opt-Out Option**: Cardholders may opt out of amendments to the foreign transaction policy by notifying the issuer within the 60-day notice period. Opting out will result in the termination of the cardholder’s foreign transaction privileges, but they will still be able to use the card for domestic transactions.