

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Citi Australia

CAB08QON: **Dr LEIGH:** Have you now moved to a transparent pricing model? Do your credit card customer simply know that you will pad the exchange rate by one or two per cent? Is that made clear to them?

Mr Machet: We are very transparent on the way we charge those fees and the mark-up of those fees, yes.

Dr LEIGH: What do you tell them? If I am a Citi credit card customer, am I informed relative to the benchmark exchange rate how much more I will be paying?

...

Dr LEIGH: ... Customers would typically like to know the spread and, ideally, they would like to know that spread before they put their credit card down. If you could come back to me on the details of that, that would be terrific.

Mr Machet: No problem.

Answer:

Citi provides detailed disclosure of all fees and charges applicable to our credit card products as part of the application process and again in the welcome pack provided to new credit card customers. This information is also available to customers on our website.

The information relating to the international transaction fee is extracted below. The fee represents the “spread” between the exchange rate applied to the transaction (which is not determined by Citi) and the amount charged to the customer.

Any international transaction fee charged is brought to the customer’s attention in his/her monthly credit card statement. The customer is advised:

- The foreign currency transaction amount;
- The Australian Dollar equivalent; and
- The international transaction fee in Australian Dollars.

An example of the way the international transaction fee is disclosed in periodic statements is provided below.

From the following website (extracted below) <https://www.citibank.com.au/aus/static/feesandcharges.htm>

<p>International Transaction Fee</p>	<p>3.4% of transaction amount</p>	<p>We charge you an International Transaction Fee of 3.4%, debited to your Account on the Transaction Date, of which a service and assessment fee of up to 1.1% is payable by us to Visa or Mastercard (as applicable), for any Retail Purchase or Cash Advance transaction in:</p> <ul style="list-style-type: none"> • foreign currency once converted to Australian dollars; and/or • Australian dollars (or any other currency), when either the merchant or its financial institution/payment processor is located or registered overseas, including transactions that involve dynamic currency conversion (that is where a transaction denominated in a foreign currency is converted to local currency which is a service that is offered by certain ATMs and merchants). The process of conversion and the exchange rates applied will be determined by the relevant ATM, merchant or dynamic currency conversion service provider as the case may be. We do not determine whether a Card transaction will be converted into local currency by the merchant or ATM and you may have to check with the relevant merchant or ATM provider. <p>Note: It may also not always be clear that the merchant or its financial institution/ payment processor is located or registered outside Australia.</p>
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Periodic Statement example:

Oct 30	<p>Burger King New Plymouth NZ Foreign Amount New Zealand Dollar 8.90 AUD 8.57 includes International Transaction fee AUD 0.28</p>	7492
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