



Travel Money Guide

For holidaymakers and frequent travellers alike, spending a little time and effort arranging spending money can result in some considerable cost savings. Saving for a getaway might take several months, maybe even years, so ensuring the very most is made of this money is a must.

The options available are many, with most travellers best advised to ensure they have at least two different forms of payment on any given trip. Carrying some of the local currency is usually essential, particularly for day-to-day spending such as food, transport and tipping. A debit or credit card, meanwhile, should provide peace of mind that access to further funds will almost always be at hand. Traveller's cheques remain another popular alternative, while pre-paid cards are a relatively new addition to the array of travel money options.

It is important to note, however, there are pros and cons attached to each method, and money can be needlessly wasted unless suitable research and preparation is made. For instance, exchange rates and commission structures vary depending on where currency is bought, and some debit and credit cards levy high fees when used

abroad. It is also vital to consider the safety aspect of travelling abroad, and thus plan travel money arrangements with this in mind. Taking certain precautions and a sensible combination of payment methods can help ensure travellers are not left penniless in unfamiliar surroundings.

Cash considerations

Attempting to work out exactly how much the foreign banknote in your hand is worth in pounds and pence is all part of the holiday experience. However, making sure this currency has been bought at the best price available is critical in ensuring a holiday fund stretches as far as it possibly can.

That travellers consider both the exchange rate and the commission charged by currency providers is the key to securing the best deal. Although converting currency 'commission-free' might intuitively seem like the preferable option, these currency providers still want to make a profit, and will therefore typically offer a less competitive exchange rate as a result.

Researching the market to find the best balance between exchange rate and commission is essential, with currency exchange websites the ideal place to start. Indeed, forward planning is a must, particularly as anyone converting currency at an airport or ferry terminal should expect

continued overleaf

Key Facts

- Travellers should carry at least two forms of payment when abroad, including some of the local currency.
- Both the exchange rate and commission charged should be considered when converting currency - 'commission-free' is not necessarily the best option.
- Most debit and credit cards apply a foreign usage charge to purchases and cash transactions made abroad.
- Cash withdrawal fees and high interest rates, on top of foreign usage charges, mean credit cards should never be used to withdraw cash abroad.
- Pre-paid cards which can be loaded with a set amount of credit are ideal for travellers on a budget and considered safer than carrying cash.

Useful Links

- [Travel Insurance](#)
- [Travel Credit Cards](#)
- [Pre-paid Credit Cards](#)
- [Pre-paid Travel Cards](#)
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to receive less for their money than elsewhere.

In terms of security, having large amounts of cash on one's person is far from ideal. Indeed, travellers are probably best advised to keep only a small amount of money easily to hand, while leaving the remainder safely stashed away, perhaps in a hotel safe or in a money belt hidden under clothing.

Plastic fantastic?

As an alternative to carrying notes and coins, debit and credit cards are a convenient way of paying your way when abroad. They are usually acknowledged as a safer option than cash, while the worldwide network of ATMs means money can be withdrawn from hole-in-the-wall machines in most places abroad.

When choosing a card for overseas use, it should be remembered that the two major payment networks, MasterCard and Visa, may be more widely accepted in certain regions than others. Typically, MasterCard tends to be more welcome in Europe, with Visa being more acceptable worldwide. Finding out which type of card is most likely to be accepted before travelling is advisable, although it might be best to take one of each.

However, using cards abroad does have its potential dangers. While most people are used to free banking when in the UK, debit and credit cards can attract considerable charges when used away from home shores. For this reason, it is always worth checking with card providers exactly what charges could apply before travelling.

Most debit and credit cards levy a 'foreign usage charge', usually of around 2.75%, for purchases and cash transactions made abroad. As the charge is applied each time the card is used, the overall cost can quickly accumulate.

Absolutely vital to remember, however, is to avoid withdrawing cash using a credit card when abroad. As

well as the foreign usage fee, a further cash withdrawal fee will also be levied on top. Furthermore, the interest rate charged on cash withdrawn with a credit card tends to be much higher than if making a purchase. It is worth finding out, however, whether a debit or credit card provider is part of a global network, as this could allow travellers to withdraw cash from a bank abroad without having to pay a withdrawal fee.

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Fortunately, there are some debit and credit cards available which are specifically designed with travellers in mind. Typically, these will have a lower or, in some cases, no foreign usage charge. It is still essential, however, to compare the merits of different travel cards against one another, as rates and fees will vary.

Safety wise, travellers are advised to keep a separate note of their card details and 24-hour emergency numbers in case of theft or loss. It is also sensible to take at least two cards, keeping one separate from the others as an emergency reserve. Card providers should also be informed of trips overseas to avoid them cancelling cards that they mistakenly assume have been stolen.

Pre-paid cards

For anyone reluctant to take a debit or credit card abroad, a third option is now widely available. Pre-paid cards work in a similar way to pay-as-you-go mobile phones, allowing travellers to load up the card with credit. As it is only possible to spend up to the credit loaded onto the card, they are ideal for those on a strict budget or who fear getting into debt. While not offering a credit facility, the cards can be reloaded online when required. Most places that take debit or credit cards will accept pre-paid cards, while

they can also be used to withdraw money from an ATM.

By their nature, pre-paid cards are safer than carrying cash. They have the same chip and pin technology as debit and credit cards, while if a pre-paid card is stolen, the maximum that could be lost would be the unspent balance on the card.

Anyone considering using a pre-paid card should note the charges that might apply. An issue fee, monthly fee and/or annual fee are all possible, while charges might also be made for topping up a card, withdrawing cash and replacing a lost card.

Traveller's cheques

Popularly recognised as the precursors to pre-paid cards, the traveller's cheque is also widely acknowledged as a safety-first method of managing money when abroad. Traveller's cheques are purchased prior to travelling, sometimes for a fee and sometimes not, and should be signed once, immediately, in the allotted space.

As and when a cheque is to be used, it can be cashed in by signing the cheque a second time in the presence of the acceptor. Although it is reasonable to assume traveller's cheques will be able to be encashed in most large cities, anyone venturing off the beaten track should check in advance if they are likely to prove acceptable. Occasionally a fee could be charged for cashing a cheque.

Importantly, a separate note should be made of the serial numbers of the cheques and kept safe. These numbers will be required should cheques be reported lost or stolen.

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