

Payment advice



▶ Helpful information from the UK payments association

Payments abroad

In the last few decades it has become far easier for travellers the world over to make payments while abroad. Even so, whether you are paying by cash, card or traveller's cheque you can make your trip overseas safer and easier by following the advice in this guide.

Paying by card is almost always the best payment option. Not only do cards give you around-the-clock access to local currency from cash machines, cards are now accepted in the majority of countries around the world. As long as your card is branded to an international card scheme, such as MasterCard or Visa it will work abroad. Additionally, you get the added peace of mind that you are still protected against any losses you may suffer if you happen to be the innocent victim of card fraud whilst overseas.

If using cash is unavoidable, make sure you take time to get to know the currency, and never get rushed into making a purchase without thoroughly checking what you are handing over. Be particularly careful when exchanging money, and always check that you are getting a good exchange rate by shopping around. In most cases it is easier – and safer – to withdraw money from a cash machine with your UK debit card as you need it rather than carrying around cash or traveller's cheques.



Key statistics

- Three per cent of all transactions on UK-issued cards occur abroad.
- The number of card transactions abroad (including cash withdrawals) has increased three-fold over the last ten years, from 82 million in 1996 to 288 million in 2006.
- On average, £161 is spent abroad for each card issued in the UK every year; the average amount drawn from cash machines when abroad is £96, compared with £65 when in the UK.

Fact

In 2006, we spent £23.0 billion abroad on our plastic – that's £16.4 billion on purchases and £6.6 billion on cash taken out of overseas cash machines.

Advice when abroad

The successful introduction of chip and PIN in the UK has meant that fraudsters are increasingly being driven overseas to commit card fraud on UK cards in countries where chip and PIN has not yet been rolled out.

In 2006, fraud committed abroad using UK-issued credit and debit cards totalled £118.2 million. Although up 43 per cent from 2005 (£82.8 million) the British public are spending more abroad with their cards than ever before and the losses are still smaller than they were in 2001 and 2002 (£138.4m and £130.2m respectively).

However, you don't necessarily have to leave the country to be a victim of fraud abroad. A proportion of this fraud occurs when your card or card details are stolen in the UK and then used fraudulently overseas. In 2006 the countries where most fraud occurred on UK-issued cards were the US (£16.7 million), France

(£7.5 million), Spain (£6.7 million), Italy (£6.4 million) and Thailand (£4.1 million). Losses in the US, which as yet has no plans to rollout chip and PIN, were up 49% year-on-year. However, losses in France and Spain, countries that are rolling out the secure technology, have decreased by 35% and 30% respectively.

Tips for foiling the fraudsters

We all know that losing your cards, or having them stolen, is a huge inconvenience. It is even more inconvenient when you're on holiday. By following some simple advice you can help protect yourself against card theft when travelling abroad:

- Only take cards with you that you intend to use on holiday; leave others in a secure place at home.
- Consider letting your bank know in advance that you are going to be using your cards abroad. If your bank spots unusual spending patterns it may try to contact you to check that the transactions are genuine and it could even block your transactions.
- Make sure you have the 24-hour contact phone numbers for the cards you do take with you – in case you need to speak to your card company.
- Treat cards, cheques and traveller's cheques as valuables, in the same way you would cash, and make sure that your travel insurance covers everything you take abroad.

- To avoid pickpockets it is often advisable to wear a concealed money belt to hold your cash, cards, traveller's cheques and passport.
- Take extra care with cash machines as you may be unfamiliar with the layout or how much cash you are withdrawing.
- Always shield your PIN with your free hand when typing your PIN into a keypad in a shop, business or at a cash machine.
- Often on holiday there is a tendency to take out more cash than you would at home, so be careful to only carry with you as much as you need, and store the rest in your hotel safe (where possible).
- Guard your card and card details at all times. Safeguard your PIN. Don't give it to anyone – even if they claim to be from the police or your bank.

- When you get home, check your statement carefully for unfamiliar transactions.

Charges for paying abroad

In the UK we are accustomed to free card payments and cash withdrawals. However, while travelling abroad, such transactions may carry a cost. It is important to be aware of the local charges, particularly if the payment facilities are located in hotels and other tourist areas. You should also check receipts carefully, especially if you are unfamiliar with the currency.

In addition, you may be charged by your bank or card issuer for cash withdrawals made in a foreign currency. In some situations this will be in the form of a flat fee, in others as a commission calculated as a percentage of the total withdrawal.

It is always worth getting in touch with your bank or looking at their website to see exactly which fees are applicable to you, as well as the exchange rates charged for local

currency at your destination. Despite this, it is generally much cheaper – and much safer – to take money via debit cards from cash machines than it is to exchange cash locally, particularly if you are not completely familiar with the exchange rate. As in the UK, charges will apply for cash advances made on credit cards, so be careful and check this in advance to avoid unpleasant surprises when you return.



Dynamic Currency Conversion

Some shops and restaurants abroad have started using a service called 'Dynamic Currency Conversion'. This means that when paying by credit or debit card, you are given the option of paying in the local currency or having the transaction converted into your home currency there and then.

Paying in your home currency can be useful for knowing exactly how much you will be charged when paying for goods or services abroad. However, you should always be careful that the exchange rate used in the conversion is competitive, check for any commission charged, and double check the total against what you were expecting to spend. This is because the exchange rate being used by the retailer may not be as competitive as the rate offered by your card company.

If you are in any doubt, ask for the bill in the local currency. If the retailer is operating Dynamic Currency Conversion, you should always be able to choose the currency of the country you are in.