

Financial Matters for Overseas Travel

What to bring

There are several ways to take money with you overseas. One way is to bring your **ATM card** with you and access money directly from your US bank account. As long as your card is part of one of the international banking systems, like Cirrus or Honor (check the back of your card), you should have no difficulty using it in overseas cash machines. Machines distribute local currency and then immediately charge your US account, using the current exchange rate. There may be fees for using overseas cash machines. Some cards, however, do not always work in all machines. **Check with your bank before you leave to see if your card is likely to work in the country where you will be studying.** Also, do not rely upon an ATM card as your only means of accessing cash. **Always try to use cash machines during banking hours in case your card gets 'eaten' by the machine.**

Another way to carry your money is in **traveler's checks** (sometimes written as 'traveller's cheques'), which are widely accepted, easy to convert and replaceable if lost. Traveler's checks are sold by several agencies and major banks throughout the US, usually at the rate of one percent over the value of the checks you are buying. **If you are an AAA member or an American Express cardholder, you may purchase traveler's checks at no additional fee.** You may also get checks from your bank. You may cash traveler's checks overseas at banks, stores, money exchange kiosks, etc., for a fee, so shop around for the best deal. In general, it is better to go to a bank or American Express office to cash checks, and not rely on Cambios or money exchange stalls in airports/train stations where there is likely to be a substantial commission. Before you leave, check for the locations abroad. Be sure to **keep the receipts** for traveler's checks separate from your checks, in case you need replacement checks.

You might also bring a **credit card** with you (Visa and Mastercard are the most commonly accepted cards) as a form of back-up. Credit cards can be used in emergencies to get cash out of cash machines, or to pay for large or unexpected expenses. They are almost always necessary when renting a car or pre-booking a hotel room. **Be aware, however, that credit cards are not widely accepted in local shops or restaurants.** If you are planning to have a meal out with friends, or purchase a few items locally, always have enough cash with you.

Some banks and credit card companies now issue prepaid cards that are designed to look like credit or ATM cards but are not actually linked to your bank account. This means that if the card gets stolen, no one can spend all the money in your account! The cards are like phone cards – you fill them up as needed by transferring money into them. Visa and Mastercard have these types of cards. They make a nice gift – tell your family!

It is a good idea to take enough **local currency** with you to pay for initial expenses before you can get to a bank. It is also possible to exchange money at currency exchange bureaus or bank branches at the airport. **Avoid 'Bureau de Change' offices whenever you can, as they normally charge much higher rates and commissions than banks.** Some countries restrict how much currency you can bring in or out. Check with the appropriate embassy or consulate for any such restrictions.

Dealing with Exchange Rates

Should you buy traveler's checks in the foreign currency or in US dollars? Should you exchange all of your money upon arrival or as you need it through your time abroad? There is no simple answer to these questions, since exchange rates fluctuate in many countries.

The safest thing to do is to call several banks. Shop around. Larger banks may give you a better rate of exchange. **Watch the exchange rate for a period of time and deal when it seems most advantageous** (<http://www.xe.com/ucc/>). Remember that the rate quoted to you will be different for buying than for selling.

When traveling, before leaving a country, convert the loose change you have into bills; most places will not change coins. Plan to arrive in the next country during banking hours, if at all possible, since the exchange windows at rail stations usually have a lower exchange rate than the banks will give you. Remember that the Euro is the form of currency used in all EU countries now, so you will not have to exchange currency if you only travel in these countries (this does not include the UK where the 'pound' or Sterling is still used, or Sweden, Norway, and some of the newer EU countries).

Toward the end of your stay, exchange money only as necessary to avoid paying a fee to convert your funds back to dollars. You will want some dollars for your return trip home.

If You Need Money: Credit cards, ATM cash cards, check cashing

With the use of credit cards and computers it is now much easier to transfer money from a home account and to cash personal checks. **Credit cards** are widely used in most countries (although see restrictions mentioned above). Any bank that honors your type of credit card will help you draw funds (in local currency) as a **cash advance**. These cash advances are often considered a loan and you can get an advance only up to your line of credit. When requesting an advance, remember that banks always require proper identification (i.e., your passport).

If you have a PIN, you may withdraw funds with your credit card or **ATM cash card**, or **Debit Card** at an ATM machine, without having to enter the bank. Remember that ATM machines will usually only be available in cities. Check with your credit card company or bank for locations. Check with your bank and/or credit card companies for any fees. **Cash advances are recommended for emergencies only.**

Note: Your credit card bill will reflect the exchange rate on the day your credit transaction was processed, which may be more or less than what you thought you were paying at the time of your purchase.

American Express offers check-cashing privileges to its clients. Any American Express office will cash **personal checks** from a US account at no charge. Up to \$1,000 can be cashed; the first \$200 may be provided in local currency, the rest in American Express traveler's checks, with the regular fees applying. You will not be able to get cash in a local bank by writing a personal check from your US bank account. Overseas banks generally hold checks for several weeks before cashing them. Also, note that in many countries the word 'check' is spelled 'cheque'.

Bank Transfers/Drafts (or 'draughts')

Bank transfers/drafts are used for emergencies only. If you think you might need to use bank transfers, or want to take your initial currency in the form of a bank draft, visit your bank in the US before you leave and ask them for a list of their correspondent banks. Let them know who is authorized to initiate cable transfers to you.

Once in your host country, you can contact (telegram or phone) your bank at home and receive the money usually within 48 hours. Be advised that you will probably have to pay the cabling charges both ways, in addition to a commission charged by your US bank. Money can also be cabled from home through American Express; this type of transfer will take two to five days and the charge varies according to how much money is sent. A much faster way to transfer money from one bank account to another is to use Xoom.com (<http://www.xoom.com>). For this service you must have a bank account in your host country.

Alternatively, you can notify your home bank and request that a bank draft in your name be mailed to you (registered), again at a specific bank and location. Bank drafts may take up to three weeks to clear.

Bank Account in the Host Country

It is advisable to open a bank account in the host country, particularly if you will be studying overseas for an entire year. Opening a bank account will facilitate wire transfers. Ask your program coordinator or other international students in your host country for assistance in opening a bank account. For students who will be receiving monthly stipends, it will be necessary to have a local bank account.

How Much Money Should I Take?

This is the \$64,000 question that all students ask and the most difficult one to answer! It depends on many things: how long will you be gone? Are you going to Western Europe or sub-Saharan Africa? Will you have a meal plan or be cooking your own meals? Do you tend to eat out a lot? Are you planning to buy gifts or clothing to take back? Will you be doing a lot of traveling in your spare time?

Students have spent anywhere from \$1,500 in a semester up to \$6-7,000 on personal expenses. Probably the average student spends somewhere in the vicinity of \$3,000 in addition to program costs. But this can vary substantially from one program to the next. Do your research before leaving. Save your pennies, hold a bake sale, sell your car...

...and then read about financial aid and scholarships!